

**SPILL PREVENTION CONTROL & COUNTERMEASURE PLAN
CLD PACIFIC GRAIN, LLC
IRVING ELEVATOR, PORTLAND, OREGON**

EFFECTIVE OCTOBER 17, 2000



CLD Pacific Grain

CLD Pacific Grain, LLC
Irving Elevator
800 North River Street
Portland, Oregon
97227

Telephone 503 281-9177
Fax 503 281-1971

SPCC Plan- Owner's Review and Evaluation

As required by 40 CFR, Part 112.5(b), a review and evaluation of a Spill Prevention Control and Countermeasure (SPCC) plan must be conducted once every 3 years by the owner of the facility.

If major changes to the facility have occurred since the last review, the plan must be amended and recertified by a registered Professional Engineer. If no major changes have occurred, the owner will indicate on the SPCC Plan that a review was conducted.

I have conducted this review and evaluation of this facility's SPCC plan, and have determined there have been no major changes since the last review and, therefore, no amendment is necessary.

Owner (Facility Manager) Lance Bachman

Facility Manager's Title Superintendent

Signature [Handwritten Signature]

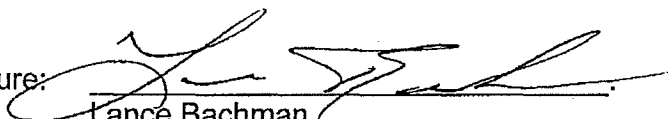
Date of Review 6-24-06

Next Review Date (3 years later) 6-24-09

Certification of the Spill Prevention Control and Countermeasures Plan (SPCC Plan),
Effective for three years from date below or until conditions at the plant are altered.

1. NAME OF FACILITY: CLD Pacific Grain Irving Elevator
2. TYPE OF FACILITY: Grain Storage and Transfer.
3. DATE OF INITIAL OPERATION: July 1995
4. LOCATION OF FACILITY: 800 North River Street
Portland, Oregon 97227
5. NAME & ADDRESS OF OWNER: Cargill, Inc., Cargill Office Center
15407 McGinty Road West
Wayzata, MN 55391-2399
6. DESIGNATED PERSON RESPONSIBLE FOR SPILL PREVENTION:
Name: Elmer Brink, Maintenance Supervisor
7. OIL SPILL HISTORY: This facility has experienced no significant oil spills
since July 1995.
8. MANAGEMENT APPROVAL: Full approval is extended by management at a
level of authority to commit the necessary
resources toward spill prevention.

Signature:


Lance Bachman
Superintendent

9. CERTIFICATION: I hereby certify that I have examined the plant and, being
familiar with the provisions of 40 CFR Part 112, attest that
this SPCC Plan has been prepared in accordance with good
engineering practices.

Name:

Date:

Certification of the Spill Prevention Control and Countermeasures Plan (SPCC Plan).
Effective for three years from date below or until conditions at the plant are altered.

1. NAME OF FACILITY: CLD Pacific Grain Irving Elevator
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3. DATE OF INITIAL OPERATION: July 1995
4. LOCATION OF FACILITY: 800 North River Street
Portland, Oregon 97227
5. NAME & ADDRESS OF OWNER: Cargill, Inc., Cargill Office Center
15407 McGinty Road West
Wayzata, MN 55391-2399
6. DESIGNATED PERSON RESPONSIBLE FOR SPILL PREVENTION:
Name: Dan Raner, Maintenance Supervisor
7. OIL SPILL HISTORY: This facility has experienced no significant oil spills
since July 1995.
8. MANAGEMENT APPROVAL: Full approval is extended by management at a
level of authority to commit the necessary
resources toward spill prevention.

Signature: _____
Gene Loffler
Superintendent

9. CERTIFICATION: I hereby certify that I have examined the plant and, being
familiar with the provisions of 40 CFR Part 112, attest that
this SPCC Plan has been prepared in accordance with good
engineering practices.

Name: JAMES L. TUTTLE



Date: 6/3/03

EXPIRATION DATE: 6/30/04

SPILL PREVENTION CONTROL COUNTERMEASURE PLAN

CLD Pacific Grain Irving Elevator
800 North River Street
Portland, Oregon 97227

1. Owner: Cargill, Inc.
Cargill Office Center
15407 McGinty Road West
Wayzata, MN 55391-2399

Contact: Lance Bachman, Superintendent

Designated Person Responsible for Spill Prevention:

Name: ~~Emer Brink~~, Maintenance Supervisor
TIM WRIGHT

2. Description of Facility:

The CLD Pacific Grain Irving Plant is a bulk grain storage plant that transfers grain from trucks, railcars and barges to barges and ships. The accompanying drawing shows the plant layout including property boundaries, the adjacent Willamette River, fuel/oil tank locations and spill kit locations.

Fixed Storage Tanks:

- (1) 10,000 Gallon Horizontal Tank (Mineral Oil)
- (1) 1,000 Gallon Horizontal Tank (Split Tank: 500 Gallon Diesel each side)
- (1) 400 Gallon Horizontal Tank (Hydraulic Oil Reservoir)

Total: 11,400 Gallons

Note 1: The pit for the hydraulic truck lift gradually accumulates rain water and also gradually becomes contaminated with oil from normal seepage from the hydraulic cylinder. There is no drain for this pit. The contaminated water is pumped out and disposed of properly periodically by a maintenance contractor.

Note 2: One 110 gallon Malathion tank and an incorporated 80 gallon mixing tank is installed per manufacturers recommendations. Secondary containment is incorporated into the tank unit and the tank is readily

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S.P.C.C. PLAN
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visible and inspected on a regular (daily) basis. Also a slightly recessed concrete trench and a recessed area containing a truck lift will prevent spillage into the river.

Also, occasionally, four 55 gallon barrels (max.) of Malathion will be stored in a plastic four-barrel containment box in a readily visible, separate fenced area.

The facility is surrounded by steel security fencing and entrance gate. A security guard patrols the facility when it is not operating. The facility, including the areas near the storage tanks, is well lit.

3. Past Spill Experience: None.
4. Spill Prevention - Storage Tanks

10,000 Gallon Mineral Oil Storage Tank:

- a. The tank is double-walled and uses the second wall as secondary containment.
- b. The primary tank is UL-142 construction (aboveground use) and has adequate venting for fill and withdrawal rates.
- c. The secondary containment outlet valve is always locked.
- d. The tank is in a highly visible area and is inspected on a regular (daily) basis.
- e. Three bollards are located in front of the tank to prevent damage from vehicles.
- f. The tank shall have the following labels attached securely to the tank: "MINERAL OIL", "NO SMOKING" and the appropriate NFPA labels.
- g. Tank Outside Dimension (Including Secondary Containment): 10'-0" x 28'-4" x 10'-4" High.

1,000 Gallon Diesel Storage Tank:

- a. The tank is a split into two separate sections, each with a 500 gallon diesel fuel capacity. The diesel tank is used to fill the locomotive with enough fuel for one shift.
- b. The tank is double-walled and uses the second wall as secondary containment.
- c. The primary tank is UL-142 construction (aboveground use) and has adequate venting for fill and withdrawal rates.

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- d. The tank is in a readily visible area and is inspected on a regular (daily) basis.
- e. The tank is protected from vehicles by a fence on one side and silo support structure on another side. Two jersey barriers are located on the other two sides to prevent damage from vehicles.
- f. The tank shall have the following labels attached securely to the tank: "DIESEL", "DANGER- FLAMMABLE LIQUIDS", "NO SMOKING", "STOP MOTOR" and the appropriate NFPA labels.
- g. Tank Outside Dimension (Including Secondary Containment):
4'-2" Wide x 15'-0" Long.

400 Gallon Hydraulic Oil Reservoir:

- a. The reservoir is mounted from its top cover to a fabricated secondary containment tank that supports and encloses the reservoir. Two motors and hydraulic pumps are mounted on the top cover of the reservoir also.
- b. The reservoir shall be adequately vented.
- c. The reservoir is in a highly visible location and inspected on a daily basis.
- d. The tank shall have the following labels attached securely to the tank: "HYDRAULIC OIL", "NO SMOKING", and the appropriate NFPA labels.

5. Spill Prevention and Control - Vehicular, Dispensing and Other:

10,000 Gallon Mineral Oil Storage Tank:

- a. The tank is equipped with a gauge indicating the oil level in the tank and overfill alarms that sound when the tank reaches 90% full. The tank shall be attended at all times during filling and operators shall follow a filling procedure as described herein later.
- b. The filling connection is located in a filling box on top of the tank. Minor spillage at this connection will be contained in the filling box.
- c. The tank outlet pump shall be controlled from the main office. The mineral oil flow from the tank shall be monitored so that in the event of a line breakage (excess flow) the pumps shall be turned off .
- d. A clearly marked spill kit cabinet shall be located in the vicinity of the mineral oil tank and shall be kept stocked by the maintenance supervisor.
- e. Since the slope of the asphalt is minimal, in the 40' between the mineral oil tank and the maintenance shop area, the operator should be able to retrieve spill prevention supplies and stop the spill before it reaches the edge of the asphalt and flows into the Willamette River.

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1,000 Gallon Diesel Storage Tank:

- a. The tanks are equipped with overfill alarms that sound when a tank reaches 90% full. The tank shall be attended at all times during filling and dispensing operations. The overfill alarms and master shut-off switches are located nearby on the rail loadout building, clearly labeled and accessible.
- b. A clearly marked spill kit cabinet shall be located in the vicinity of the mineral oil tank and inside the warehouse. The spill kits shall be kept stocked as needed by the maintenance supervisor.
- c. Since the slope of the asphalt is minimal, in the 80' between the gas/diesel tank and the maintenance shop, the operator should be able to retrieve spill prevention supplies and stop the spill before it reaches the edge of the asphalt and flows into the Willamette River.

400 Gallon Hydraulic Oil Reservoir:

- a. The reservoir is subject to filling and emptying for maintenance purposes only and shall be attended during these times.
- b. The reservoir is located on the other side of a truck lift from the river such that any spillage on the river side shall flow into the recessed area below truck lift.
- c. A spill kit cabinet shall be located in the vicinity of the mineral oil tank and inside the warehouse. The spill kits shall be kept stocked as needed by the maintenance supervisor.
- d. The hydraulic pump motors are controlled with a switch inside the truck dump area.

6. Personnel:

- a. A copy of this SPCC plan or company regulations relating the guidelines in this SPCC Plan shall be conspicuously posted in the personnel area for facility personnel to review. An additional copy shall also be in the office of the maintenance supervisor. The original shall be kept in the on site office.

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- b. Facility personnel shall be aware of the following:

In the event of a minor spill, shut off the flow from the tank if applicable, locate a spill kit, clean up the spill and inform the maintenance supervisor (see number below). In the event of a major spill, call the emergency numbers listed below, and all personnel should use all means necessary to divert the spill from the river. Once the oil is contained, ponded or absorbed, the contaminated spill kit supplies shall be cleaned, recycled or disposed of properly.

Instructions regarding the report of a spill and the emergency phone numbers shall be publicized and posted in an location accessible to facility personnel.

Facility personnel shall be made aware of the location of the spill kit cabinet and the location of the spill kit supplies in the warehouse. The appropriate personnel shall be instructed on the proper use of the spill kit supplies.

Personnel shall be aware of the location and contents of the Material Safety Data Sheets for all petroleum/oil products on the plant site.

No tank shall be filled prior to checking its current volume.

No filling or dispensing operations unless attended continuously. The volume withdrawn from the mineral oil tank shall be monitored in the main office.

Only trained maintenance personnel shall be allowed to dispense from the diesel pumps. Only trained personnel (diesel supply truck operator) shall be allowed to fill the diesel tanks.

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Only trained personnel (supply truck operator) shall be allowed to fill the mineral oil tank and shall follow the procedure below.

1. Tanker truck is weighed in.
2. Supervisor to meet the tank truck driver at the mineral oil tank to:
 - Confirm that the load is food grade mineral oil.
 - Ask for a copy of the manifest.
 - Confirm with the driver how many gallons are being delivered and that there is enough room in the tank to hold it.
 - Show the driver the location of the emergency response (spill) kit and the fire extinguisher.
 - Plug storm drain to north of mineral oil tank.
3. Unlock the tank fill cover and begin filling the tank.
4. Driver is to be at the tank the entire time that tank is being filled.
5. Supervisor signs the delivery ticket and locks the tank fill cover.
6. Remove storm drain plug to north of mineral oil tank.
7. Tank truck is weighed out.

Emergency Phone Numbers:

TIM WRIGHT (503)-632-8295
~~Elmer Brink~~.....(503) 281-9177 or ~~(503) 556-0041~~ Home
Lance Bachman.....(503) 281-9177 or (360) 576-8464 Home
EPA National Response Center, Washington D.C.....1-800-424-8802
Oregon Emergency Response.....1-800-452-0311 or (503) 378-6377
Fire Department.....911

EPA shall be notified within 24 hours of any spill of 25 gallons or more or any spill less than 25 gallons not cleaned up within 24 hours of that spill.
(1-800-424-8802)

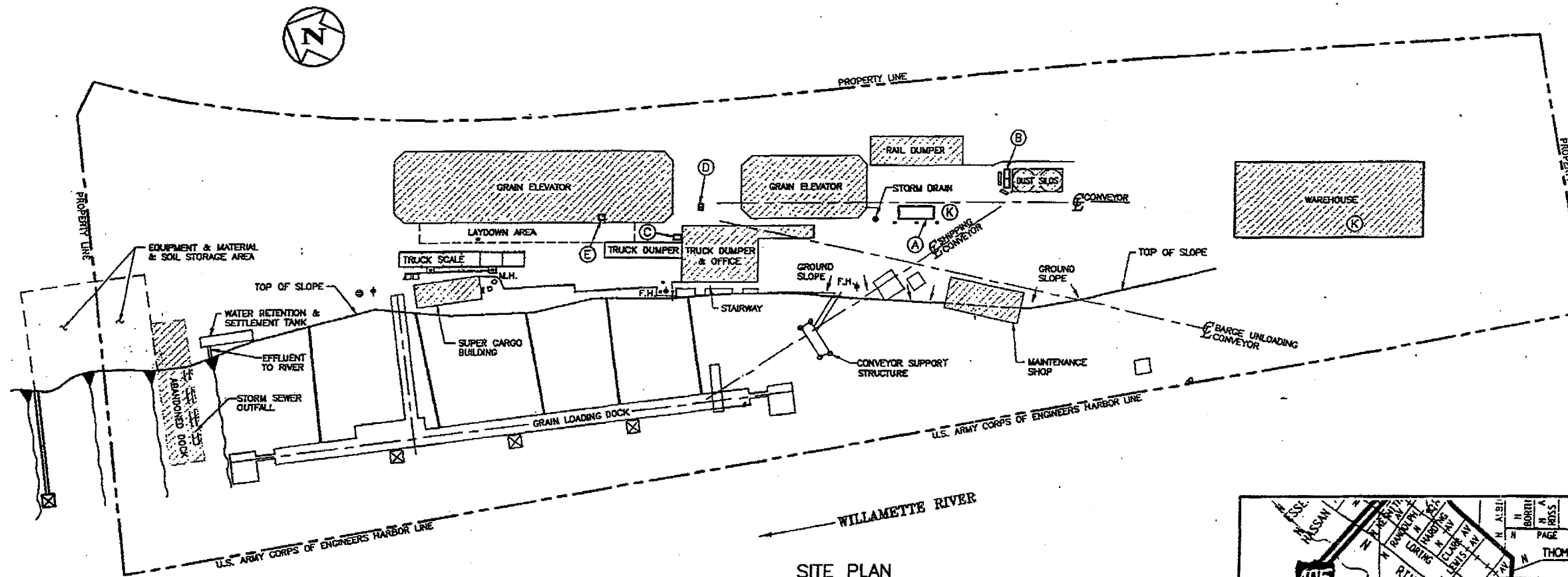
If there is a single spill of more than 1,000 gallons, or if two spills of harmful quantities are on or into navigable waters within any twelve month period, a submittal of this SPCC Plan and a description of the spill occurrence(s), will be sent to the EPA Regional Administrator and the State Agency in charge of water pollution control activities.

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8. Future Amendments:

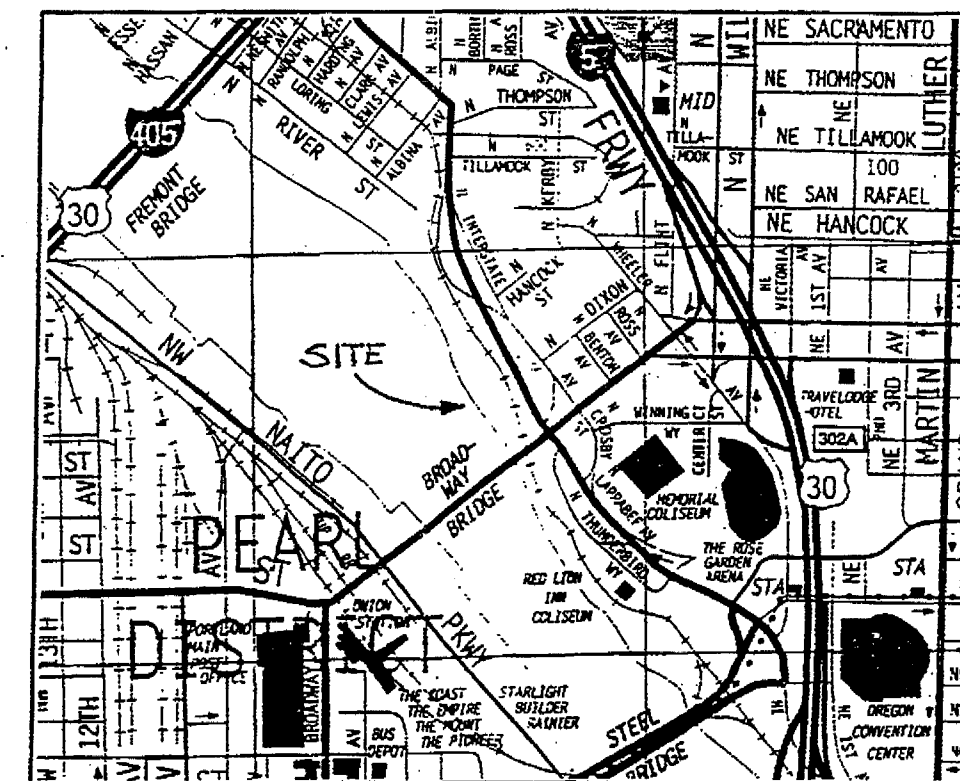
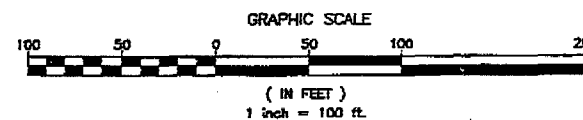
This plan shall be revised according to changes in operation or tank storage within 6 months of such change.

The SPCC Plan shall be reviewed every 3 years.



SITE PLAN

- A. MINERAL OIL TANK: 10,000 GALLONS, DOUBLE-WALL CONTAINMENT, PROTECTED BY POSTS. A SPILL KIT CABINET SHALL BE LOCATED NEARBY.
- B. DIESEL TANK: 1,000 GALLONS (SPLIT 500 GALLONS EACH SIDE), DOUBLE-WALL CONTAINMENT 500 GALLONS DIESEL EACH SIDE PROTECTED BY JERSEY BARRIERS
- C. HYDRAULIC OIL TANK: 400 GALLONS, TANK CONTAINED IN OUTER TANK THAT ALSO SUPPORTS MOTOR AND PUMP
- D. MALATHION 5 EC TANK: 110 GALLON PLASTIC TANK AND 80 GALLON PLASTIC WATER MIXING TANK
- E. MALATHION STORAGE BARRELS: 55 GALLONS EACH, FOUR IN PLASTIC BARREL CONTAINMENT BOX
- K. SPILL KITS: LOCATED IN THE WAREHOUSE AND IN A CABINET NEAR THE MINERAL OIL TANK.



VICINITY MAP
PORTLAND, OREGON

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SYMBOL	REVISIONS	BY	DATE	CHECKED
B	CHANGE NAME TO CLD PACIFIC GRAIN	J.T.	6/3/03	
A	REVISE FOR 3 YEAR REVIEW	J.T.	9/8/00	

SMITH & MONROE & GRAY
ENGINEERS, INC.

PARK PLAZA WEST, SUITE 210
10700 S.W. BEAVERTON HWY.
BEAVERTON, OREGON 97005

PHONE: (503) 643-8608
FAX: (503) 643-8610

DESIGN BY	DATE	CHECKED BY	DATE
J. TITTLE	10/2/97		

CLD PACIFIC GRAIN IRVING ELEVATOR			
SPILL PREVENTION CONTROL & COUNTERMEASURE SITE PLAN			
SCALE	DRAWING NO.	REV.	
AS NOTED	97-187A-01	B	

Rogers 0008

CARG004127

File Title: Gearlocker Lease - Port of Portland - Rogers Terminal CGONA
File Description:
Portland, OR

Property Description

File Part Title:
General

File Plan:
General / Agreements / Physical Facilities Real Estate



Note:

RS: SKRAUSE



CARG004128

ROGERS TERMINAL & SHIPPING INTERNAL MEMO

To: Rebecca Comstock – Law Dept.

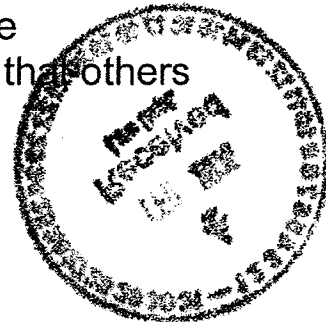
Fm: K. C. Bacon

Re: T4 Gearlocker Lease; copies of correspondence

1. 1989 Lease
2. August 18, 1989 ltr from Port re UST.
3. April 9, 1990 ltr from Rogers re UST.
4. February 7, 1997 report re inspection.
5. February 28, 1997 ltr from Port re inspection.
6. April 2, 1997 ltr from Cargill Law re exit environmental inspection (never conducted)
7. September 8, 1997 ltr from Rogers re environmental inspection (conducted)
8. May 13, 1997 soil sample report from Braun.
9. May 7, 1997 inspection report from Braun.
10. November 24, 1997 ltr from Port re inspection.
11. December 10, 1997 Rogers internal memo re inspection.

Note: We had anticipated leaving the Port facility in 1997 as the Port was going to tear down the leased space. They subsequently decided not to tear it down and we commenced on a month-to-month agreement in-lieu-of signing a further lease.

Importantly, the UST was taken out, we are attached to the Port's stormwater permit and have none ourselves, we do not generate any hazardous materials, and have successfully remediated the old tire and oil spill that others dumped behind our leased space.



ACTUAL
LEASE

LEASE OF IMPROVED SPACE

THIS LEASE, dated December 13, 1989, by and between THE PORT OF PORTLAND, a port district of the State of Oregon (hereinafter referred to as "Port"), and ROGERS TERMINAL AND SHIPPING, a division of CARGILL MARINE AND TERMINAL, INC., a corporation registered in the State of Delaware (hereinafter referred to as "Lessee").

ARTICLE I. - PREMISES

Section 1.1 - Description: The Port leases to the Lessee and the Lessee leases from the Port, on the terms and conditions stated below, the land, appurtenances thereto, and buildings consisting of approximately 7,932 square feet of building space (hereinafter "Building Space"); which more specifically consists of 7,526 square feet of warehouse space, approximately 406 square feet of office space, and approximately 23,732 square feet of outside area of which 13,034 square feet is defined as yard area for the purposes of this Lease (hereinafter "Yard Area"), all situated on approximately 31,664 square feet of Land located at Port of Portland Terminal Number 4, identified as "Parcel I" and "Parcel II" on Exhibit A, attached hereto, and made a part hereof, thereafter referred to as "Premises."

Section 1.2 - Environmental Review: The Port and Lessee hereby acknowledge that an Environmental Review, prepared by Hahn and Associates, Inc. on October 30, 1989, a copy of which is attached hereto and made a

part hereof as Exhibit "B", (hereinafter, "Benchmark Study") has been completed for the Premises and for the ITO Space and Additional Yard Area identified in Section 1.3 herein. The Port and Lessee agree with the conclusions of Exhibit B, except for Lessee's disclaimer as described in Exhibit "C", attached hereto and made a part hereof. The Port and Lessee agree that Exhibit B will serve as a benchmark from which all future evaluations of the Premises and the ITO Space and Additional Yard Area shall be measured.

Section 1.3 - Right of First Refusal for Additional Premises: During the term of this Lease, the Port grants the Lessee the right, at the Lessee's option, to lease the approximately 3,780 square feet of shop space adjacent to the Premises (hereinafter "ITO Space"), and the approximately 5,272 square feet of yard space (hereinafter "Additional Yard Area") as shown on the attached Exhibit A as "Parcel III" on Exhibit A, on the same terms and conditions as this Lease except for the establishment of rent, in the event the property becomes vacant and is not required for Port use. Lessee's right to lease such space is conditioned upon exercise of the entire amount of such space. The Port will give the Lessee written notice by certified mail when and if the property becomes available and the Lessee shall have 5 business days from and after the receipt of such notice in which to exercise its said right and privilege to lease said additional 3,780 square feet of shop space and said additional 5,272 square feet of yard space by giving written notice by certified mail to the Port. Date of the Lessee's notice to the Port shall be date of deposit in United States Post Office. Such exercise of the

said right to lease shall create a binding agreement between the Port and the Lessee for the lease of said shop and yard space upon the same terms and conditions as this Lease except for the establishment of rent as provided in Section 3.2 herein. In the event the Lessee should fail to exercise its right of first refusal in any instance, the Port shall then be free to lease said shop and yard space to other parties and the Lessee's right to lease shall become null and void. In the event the Lessee exercises its right to lease, the Premises description shall automatically be modified to add the ITO Space to give a total building area of approximately 11,712 square feet, a total yard area of approximately 29,004 square feet, and to give a total area of Land equal to approximately 40,716 square feet. The rent shall be adjusted accordingly pursuant to Section 3.2 herein.

Section 1.4 - Use of Premises: The Lessee may use the Premises only for the following purpose: gearlocker, storage, and office space.

1.4.1 No other use may be made of the property without the prior written consent of the Port. Without limiting the foregoing, no use may be made of, on, or from the Premises relating to the handling, storage, disposal, transportation, or discharge of hazardous or toxic wastes, substances, pollutants, or contaminants as such are defined by federal, state, or local law or regulation.

ARTICLE II. - TERM

Section 2.1 - Term: The term of this Lease shall commence on December 13, 1989 and shall continue until June 15, 1993 or unless otherwise terminated under the provisions hereof.

Section 2.2 - Renewal Option: If the Lessee is not in default upon the Exercise Date and the Premises are not required for Port use at the Port's sole determination, the Lessee shall have one option to renew this Lease on the same terms and conditions except for the establishment of the Basic Rent as herein provided. The option shall be for a period of three years and shall be exercised by notice in writing given to the Port not less than 120 days nor more than 365 days before the last day of the expiring term. The day on which the written notice is given as provided herein shall be the "Exercise Date".

ARTICLE III. - RENTAL

Section 3.1 - Basic Rent: The Lessee shall pay, in advance, to the Port as rent the sum of \$1,600.00 per month based on a rental rate of \$0.03 per square foot per month for the approximately 13,034 square feet of Yard Area and \$0.15 per square foot per month for the approximately 7,526 square feet of warehouse space and \$0.20 per square foot per month for the 406 square feet of office space. Rent shall be due and payable as provided herein, except that rent for the first month has been paid upon the execution of this Lease.

of the State of Oregon, County of Multnomah. Each party shall bear the expense of the appointed arbitrator/appraiser and all other expenses of conducting the arbitration equally. Each party shall bear its own expenses for witnesses, depositions, and attorneys, if deemed necessary. As used herein, "fair market rental value" shall mean the highest price in terms of money that a property will bring in an open and competitive rental market under all conditions requisite to a fair rental transaction, the buyer and seller each acting prudently and knowledgeably; assuming: (1) the price is not affected by undue stimulus; (2) the value is based on the use of the Premises contemplated by the parties; and (3) fair market rental value being determined by applying a ten percent return to the fair market value. The fair market rental value determined by the arbitrator shall be binding upon the parties, effective and retroactive to the first day of the rental period under arbitration. Any adjustment between the rental amount paid during arbitration, and amount determined to be owed, shall be made on the rental due date following the arbitration decision. The arbitrator's decision and award shall be governed by Oregon Revised Statutes 33.210 and 33.240, except to the extent that those statutes are superseded by the Federal Arbitration Act (9 U.S.C. §1, et seq.).

ARTICLE IV. - LESSEE'S OTHER OBLIGATIONS

Section 4.1 - Construction of Improvements/Alterations: At least 30 days prior to any construction, alterations, installations, or additions upon the Premises or Improvements, the Lessee shall submit to the Port final plans and specifications thereof and shall not commence any

Section 3.4 - Time and Place of Payments: The Lessee shall pay the Port the monthly rental and any applicable Additional Rent on the first day of each month, said rent to be delinquent if not paid when due. In the event the Lease commences after the first day of a month, the rent for the first month shall be prorated on the basis of a 30 day month.

3.4.1 Payment shall be to the Port at The Port of Portland, Post Office Box 5095, Portland, Oregon 97208, or such other place as the Port may designate. All amounts not paid by the Lessee when due shall bear interest at the rate of 18% per annum. The interest rate of 18% on overdue accounts is subject to periodic adjustment to reflect the Port's then current interest rate charged on overdue accounts.

Section 3.5- Arbitration: In the event the parties cannot agree upon the fair market rental value of the Premises, then such value for the ensuing period shall be determined by one arbitrator. After notice by either party to the other party requesting arbitration, the parties shall select one arbitrator agreeable to each party. During the arbitration period, the Lessee shall pay the current rental rate in effect under this Lease. The arbitrator shall be an MAI appraiser licensed in the State of Oregon who shall, for purposes of arbitration proceedings, apply the rules of the American Arbitration Association but without the intervention or participation of the American Arbitration Association. If the parties fail to select an arbitrator, on application by either party, the arbitrator shall be appointed by the presiding judge of the Circuit Court

Section 3.2 - Additional Rent Upon Addition of Space: Upon the addition of the ITO Space and the Additional Yard Area as provided in Section 1.3 herein, additional rent shall be payable ("Additional Rent") based on the then fair market rental value of the ITO Space and of the Additional Yard Area, but in no case shall the Additional Rent be less than \$567.00 per month based on a rate of \$0.15 per square foot per month for 3,780 square feet for the ITO Space and \$158.16 per month for the Additional Yard Area based on a rate of \$0.03 square feet per month for 5,272 square feet of Additional Yard Area. In determining Additional Rent for the ITO Space, fair market rental value shall be determined on the basis of warehouse space. Additional Rent for the ITO Space and the Additional Yard Area shall be adjusted at the times and methods established for the Premises as provided in Section 3.3 herein.

Section 3.3 - Adjustment of Basic Rent: If the Lessee exercises its renewal option as provided in Section 2.2 herein, commencing June 15, 1993, the basic rent for the Premises shall be adjusted for the ensuing three lease years. Such adjustment shall be based on the fair market rental value for the Premises at the last day of the initial term of this Lease. In no event shall the basic rent be less than the rent in effect on the last day of the Lease Year expiring immediately prior to the adjustment date.

construction until it has received the Port's written approval. Should the Port fail to take action concerning plans and/or specifications submitted to it within 45 days, said plans and/or specifications shall be deemed approved. As part of the Port's review of plans and specifications of proposed alterations or changes to the Premises or Improvements, the Port will advise Lessee whether the Port will require removal or restoration of such changes or alterations at the termination of this Lease.

Section 4.2 - Maintenance: The Lessee shall at all times keep and maintain the Premises and all Improvements of any kind, that may be erected, installed, or made thereon by the Lessee or the Port, in good and substantial repair and condition, reasonable wear and tear excepted. The Lessee shall arrange and pay for janitorial services or make other arrangements acceptable to the Port, to keep the Premises, including the parking area, free and clear of rubbish, debris, and litter at all times. The Port shall at all times during ordinary business hours have the right to enter upon and inspect such Premises. Such inspections shall be made only at mutually agreeable times, except in cases of emergency.

Section 4.3 - Taxes: Unless exempt, the Lessee agrees to pay all lawful taxes and assessments that during the term hereof or any extension may become a lien or that may be levied by the state, county, city, or any other tax-levying body upon the Premises or Improvements, or upon any taxable interest by the Lessee acquired in this Lease, or any taxable

possessory right that the Lessee may have in or to the Premises or the Improvements thereon by reason of its occupancy thereof, as well as all taxes on all taxable property, real or personal, owned by the Lessee in or about said Premises. Upon making such payments, the Lessee shall give to the Port a copy of the receipts and vouchers showing such payment. The Lessee understands that if the term of this Lease or any extension thereof shall extend beyond June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration. With respect to assessments for Improvements that are or may be payable in installments, the Lessee shall be required to pay only those installments that become due during the Lease Term.

Section 4.4 - Liens: The Lessee agrees to pay, when due, all sums of money that may become due for, or purporting to be for, any labor, services, materials, supplies, utilities, furnishings, machinery, or equipment that have been furnished or ordered with the Lessee's consent to be furnished to or for the Lessee in, upon, or about the premises herein leased, that may be secured by any mechanic's, materialsmen's, or other lien against the Premises herein leased or the Port's interest therein, and will cause each such lien to be fully discharged and released at the time the performance of any obligation secured by any such lien matures or becomes due, provided that the Lessee may in good faith contest any mechanic's or other liens filed or established, and in such event may permit the items so contested to remain undischarged and unsatisfied during the period of such contest, provided that the Port may require the Lessee to procure a payment bond in the amount of the contested lien.

Section 4.5 - Utilities: The Lessee shall promptly pay any charges for telephone, sewer, water, gas, electricity, and all other charges for utilities that may be furnished to the Premises or Improvements at the request of or for the benefit of the Lessee, including any and all connection fees and impervious surface fees charges by the City of Portland. In no event shall the Lessee overload the electrical circuits from which the Lessee obtains current.

Section 4.6 - Fire Prevention: The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall install fire extinguishers throughout the Premises in accordance with rules and regulations as set forth by the Fire Marshal. All paints and oils shall be stored in suitably protected out-buildings or compartments in accordance with rules and regulations as set forth by the Fire Marshal.

Section 4.7 - Safety Requirements:

4.7.1 The Lessee shall conduct its operations, activities and duties under this Lease in a safe manner, and shall comply with all safety standards imposed by applicable federal, state and local laws and regulations. The Lessee shall require the observance of the foregoing by all subcontractors and all other persons transacting business with or for the Lessee in any way connected with the conduct of the Lessee pursuant to this Lease.

4.7.2 The Lessee shall exercise due and reasonable care and caution to prevent and control fire on the Premises and to that end shall provide and maintain such fire suppression and other fire protection equipment as may be required pursuant to applicable governmental laws, ordinances, statutes and codes for the purpose of protecting the Improvements adequately and restricting the spread of any fire from the Premises to any property adjacent to the Premises.

Section 4.8 - Access to Premises: Except as provided in Section 4.8.1, the Port shall at all times during ordinary business hours have the right to enter upon the Premises and Improvements for the purposes of: (1) inspecting the same; (2) confirming the performance by Lessee of its obligations under this Lease; (3) doing any other act which the Port may be obligated or have the right to perform under this Lease, or reasonably related thereto; and (4) for any other lawful purpose. Such inspections shall be made only at a mutually agreeable time to all parties except in cases of emergency or pursuant to Section 4.8.1.

4.8.1 Environmental Inspection and Studies: The Port reserves the right to inspect the Lessee's and Lessee's subtenants' management of Hazardous Substances, as defined in Section 6.2, on the Premises upon reasonable notice to Lessee or subtenant. The Port shall have the right to request and receive information with respect to subtenant's and other occupant's use of Hazardous Substances on the Premises in writing from any

4.8.1 (cont)

subtenants and other occupants of the Premises. Lessee shall cooperate with all such requests. If the Port at any time during the term of this Lease or any extension thereof has reason to believe that the Lessee is managing Hazardous Substances in a manner that may allow contamination of any portion of the Premises in excess of applicable regulatory standards, the Port shall notify Lessee in writing. Lessee agrees to cooperate with the Port in assuring that its practices of Hazardous Substances management are safe and meet the applicable regulatory standards. If the Port detects or has reasonable cause to suspect the presence of contamination to the Premises which was not identified in the Benchmark Study, the Port and Lessee agree to conduct a site analysis (hereinafter "Site Analysis") to determine if contamination exists and the probable cause of said contamination. Said Site Analysis shall consist of such tests as are reasonably necessary to determine the existence and type of contamination, if any, and may involve soil sampling. If contamination is detected which: (1) was not found to exist in the Benchmark Study, (2) is in excess of applicable regulatory standards, and (3) was caused by Lessee, its agents, or employees, the Lessee agrees to pay the entire cost of the Site Analysis and all costs to remove the contamination and to restore the Premises to an acceptable condition as provided in Section 4.9.4 herein. In the event the contamination was caused by the Port, its agents, or employees, or by those other than the Lessee, its agents, or employees in the open yard area, the Lessee shall pay no cost for the Site Analysis, clean-up or restoration. If no contamination is found to exist, the Port and Lessee shall equally share the cost of the Site Analysis.

Section 4.9 - Hazardous Substances Spills and Releases:

4.9.1. In the case of any leak, spill, release or disposal of a Hazardous Substance as defined in Section 6.2 herein, which either (1) occurs on or under the building or fenced yard portion of the Premises or (2) occurs on, under, or adjacent to the open yard portion of the Premises and was caused by the Lessee, its agents, or employees, and (3) which enters or is likely to enter the Willamette River or other waterway through the storm drain, run-off, or other means, Lessee shall notify the Port within 24-hours of said spill.

4.9.2 In the case of any leak, spill, release or disposal of a Hazardous Substance, as defined in Section 6.2, which either (1) occurs on or under the building or fenced yard portion of the Premises or (2) occurs on, under, or adjacent to the open yard portion of the Premises and was caused by the Lessee, its agents, or employees, and (3) is not covered by Section 4.9.1 herein, and (4) is in reportable amounts specified by local, state and federal law, except for petroleum products which shall be reported if a spill exceeds 5-gallons, Lessee shall notify the Port of such leak, spill, release or disposal at the time Lessee is obligated to notify the appropriate governmental agency(ies), provided that such notification period shall not exceed five (5) days.

4.9.3 Lessee shall within 24-hours notify the Port upon receiving any notice or communication from a governmental agency directed to the Lessee relating to such Hazardous Substances on, under, or adjacent

to the Premises or any violation of any federal, state, or local laws, regulations or ordinances with respect to Hazardous Substances.

4.9.4 In the event of a leak, spill or release of a Hazardous Substance on the Premises caused by Lessee, its agents, or employees, Lessee shall promptly undertake such action as is necessary to contain, clean up, and remove the Hazardous Substances in accordance with all applicable laws, rules and regulations. Within 30 days following completion of such investigatory, remedial and/or removal action, Lessee shall provide the Port with a certification acceptable to the Port that all such contamination has been eliminated to the extent required by federal, state, or local laws, regulations or ordinances.

ARTICLE V. - PORT OBLIGATIONS AND WARRANTIES

Section 5.1 - Improvements: During Lessee's possession and occupancy and as soon as reasonably practicable after the commencement of this Lease, the Port shall make the following improvements: The Port will re-insulate those portions of the Building Space equalling approximately 3,100 square feet which require new insulation at a cost not to exceed \$7,000. The insulation shall consist of R-19 unfaced batt insulation in the ceiling with vinyl (fiberglass) and R-11 batt insulation in the outside walls with vinyl (fiberglass). Lessee shall provide reasonable access and cooperate with the work crews to allow such work to be completed.

Section 5.2 - Warranty of Ownership: The Port warrants that it is the owner of the Premises and has the right to lease said Premises under the terms of this Lease. Subject to the Lessee performing all obligations of this Lease, the Lessee's possession of the Premises will not be disturbed by the Port or anyone claiming by, through or under the Port and the Port will defend the Lessee's right to quiet enjoyment of the Premises from disturbance by anyone claiming by, through or under the Port.

Section 5.3 - Condition of Premises: The Port makes no warranties or representations on the condition of the Premises. The Lessee has inspected and accepts the Premises in an "as is" condition upon taking possession, and the Port shall have no liability to the Lessee for any damage or injury caused by the condition of the Premises.

ARTICLE VI. - LIABILITY, INDEMNITY, AND INSURANCE

Section 6.1 - General Indemnity: The Port shall not in any event be liable for any injury to any person or damage to any property occurring on or about the Premises, unless such injury or damage results from the wilful acts or negligence of the Port. Lessee covenants and agrees to indemnify and hold harmless the Port, its commissioners, directors, officers, agents, and employees from and against any and all actual or potential liability, claims, demands, damages, expenses, fees (including attorneys', accountants', and paralegal fees), fines, penalties, suits, proceedings, actions, and causes of action which may be imposed upon or incurred by the Port which 1) result from the wilful acts or negligence of

Lessee, its agents, its employees, or 2) result from any breach, violation, or nonperformance by Lessee of any of its obligations under this Lease.

Section 6.2 - Hazardous Substances Indemnity: In addition to the indemnity provided in Section 6.1 above, the Lessee agrees to indemnify, save, and hold harmless the Port, its commissioners, officers, agents, and employees from and against all damages, costs, liabilities, and expenses directly caused by Lessee's handling, storage, discharge, transportation, or disposal of hazardous or toxic wastes or substances, pollutants, oils, materials, or contaminants, or regulated substances ("Hazardous Substances"), as those terms are defined by federal, state, or local law or regulation, including but not limited to, the Resource Conservation and Recovery Act (RCRA) (42 U.S.C. §6901 et. seq.); the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) (42 U.S.C. §9601, et. seq.); Superfund Amendment and Reauthorization Act of 1986 (SARA) (P.L. 99-499, October 17, 1986) as amended; the Toxic Substances Control Act (15 U.S.C. §2601, et. seq.); the Clean Water Act (33 U.S.C. §1251, et. seq.); the Clean Air Act (42 U.S.C. §7401 et. seq.); the Solid Waste Disposal Act (42, U.S.C. §3251, et. seq.); 1985 Oregon Laws Chapter 733; and 1987 Oregon Laws Chapter 540, as the same may be amended from time to time, (collectively "Environmental Law"), on the Premises including, but not limited to: (a) claims of third parties, including governmental agencies, for damages, response costs, or other relief; (b) the cost, expense or loss to the Port of any injunctive relief, including preliminary or temporary injunctive relief, applicable

to the Port or the Premises; (c) the expense, including fees of attorneys, engineers, paralegals and experts, of reporting the existence of said Hazardous Substances to any agency of the State of Oregon or the United States as required by applicable laws or regulations;

6.2.1 Promptly upon written notice from any governmental entity, the Lessee shall remediate from the Premises (including without limitation the soil or water table thereof) all Hazardous Substances which were placed on the Premises by Lessee. Any such cleanup shall be in conformance with all applicable governmental rules and regulations.

Section 6.3 - Duty to Defend: Lessee shall, at its sole expense, defend any and all actions, suits, and proceedings relating to matters covered by the indemnity set forth in Section 6.1 which may be brought against the Port or in which the Port may be impleaded, and shall satisfy, pay, and discharge any and all judgments, orders, and decrees that may be entered against the Port in any such action or proceeding.

Section 6.4 - Insurance:

6.4.1 The Lessee shall maintain a commercial general and automobile liability insurance policy or policies, including a fire legal liability endorsement, for the protection of the Lessee and the Port, its directors, officers, servants, and employees, insuring the Lessee and the Port against liability for damages because of personal injury, bodily injury, death, or damage to property, including loss of use thereof, and

occurring on or in any way related to the Premises or occasioned by reason of the operations of the Lessee with insurance of not less than \$1,000,000 combined single limit for bodily injury and property damage for Premises/products/completed operations liability.

6.4.2 In the event Lessee exercises its right of first refusal as provided for in Section 1.3 herein, Lessee shall keep that portion of the Building Space within Parcel I of the Premises as described on Exhibit A attached hereto, together with any and all Improvements placed thereon continuously insured with an insurance underwriter(s) satisfactory to the Port and authorized to do business in the State of Oregon. The policy(ies) shall be written on an all risk form including flood and earthquake in an amount equal to 90% of the new replacement value of said Improvements.

6.4.3 All insurance shall name the Port, its commissioners, officers, and employees as additional insureds with the stipulation that this insurance, as to the interest of the Port only therein, shall not be invalidated by any act, neglect, or breach of contract by the Lessee.

6.4.4 The Lessee shall maintain in force Worker's Compensation insurance, including coverage for Employer's Liability and, if applicable, the Longshoremen's and Harbor Workers' Compensation Act.

6.4.5 The Lessee shall furnish to the Port a certificate(s) of insurance evidencing the date, amount, and type of insurance that has been procured pursuant to this Lease. All policies of insurance shall remain in full force during the term hereof and shall provide for not less than 30 days written notice to the Port and the Lessee before such policies may be revised, nonrenewed, or cancelled. Upon request, the Lessee shall provide the Port with a copy or copies of any insurance policy provided pursuant to this Lease.

6.4.6 The Port shall have the right to review the limits of insurance required herein from time to time during the term of this Lease. In the event the Port determines that such limits should be increased or lowered, the Port will provide notice to the Lessee of such determination and the Lessee shall, if the limits are increased, modify its coverage to comply with the new limits and provide the Port with an updated certificate.

6.4.7 Under no circumstances shall the Port be responsible for or provide insurance to cover loss or damage of the Lessee's equipment or personal property.

Section 6.5 - Waiver of Subrogation: The Port and the Lessee agree that each forfeits any right of action that it may later acquire against the other of the parties to the Lease for loss or damage to its property, or to property in that it may have an interest, where such loss is caused

by fire, or any of the extended coverage hazards, and arises out of or is connected with the leasing of the Premises.

ARTICLE VII. - TERMINATION

Section 7.1 - Termination by the Port: The Port shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.2 - Termination by the Lessee: The Lessee shall be entitled to terminate this Lease as provided herein and as otherwise provided by law.

Section 7.3 - Duties on Termination: Upon termination of the Lease for any reason, the Lessee shall deliver all keys to the Port and surrender the Premises and Improvements in good condition. Depreciation and wear from ordinary use for the purpose for that the Premises were let need not be restored, but all repair for which the Lessee is responsible shall be completed to the latest practical date prior to such surrender.

Section 7.4 - Title to Improvements: Subject to the provisions of Section 7.5, upon termination of this Lease by the passage of time or for any reason, Lessee shall either remove all structures, installations, or Improvements constructed by the Lessee pursuant to Section 4.1 within 30 days after the expiration of the Lease at the Lessee's expense, or, in the event the Port has instructed otherwise pursuant to Section 4.1 herein, title to such structures, installations, and Improvements shall immediately vest in the Port.

Section 7.5 - Holding Over: If the Lessee shall hold over after the expiration or termination of the Lease Term or any extension thereof with the consent of the Port, and shall not have agreed in writing with the Port upon the terms and provisions of a new lease prior to such expiration, the Lessee shall remain bound by all terms, covenants, and agreements hereof, except that: (1) the tenancy shall be one from month-to-month subject to the payment of all rent in advance, the monthly rate being proportional to the previous Annual Rent; (2) title to Improvements shall have vested in the Port pursuant to Section 7.4 hereof, unless the Port provided Lessee with notice to remove such; (3) the Port shall have the right to adjust the rental payments, charges or use fees upon 30 days written notice to the Lessee; and (4) such month-to-month tenancy may be terminated at any time by written notice from the Port to the Lessee. In the event of hold over beyond June 30 of any year, the Lessee shall be responsible for payment of property taxes for the entire tax year without proration.

Section 7.6 - Environmental Audit: Not later than six months prior to the expiration of this Lease by time or other termination, the Port and Lessee shall conduct a Site Analysis of the Premises to determine if any contamination of Hazardous Substances has occurred to the Premises which was not shown to exist in the Benchmark Study. This study will be jointly funded by the Port and Lessee. However, if contamination is found to exist which: (1) was not found to exist in the Benchmark Study, (2) is in

excess of applicable regulatory standards, and (3) was caused by Lessee, its agents, or employees, the Lessee agrees to pay the entire cost of the Site Analysis and all costs to remove the contamination and to restore the Premises as required by law or regulation. In the event the contamination was caused by the Port, its agents, or employees, or by those other than the Lessee, its agents, or employees, the Lessee shall pay no cost of the Site Analysis, clean-up, or restoration as provided herein. In the event the Lessee fails to promptly remedy the contamination as required by this Lease, the Port shall notify Lessee of such failure in writing. Except in the case of an emergency, if Lessee fails to begin remediation within 30 days of such notice from the Port, the Port shall have the right to remedy such contamination and charge the Lessee all such costs. In the event of an emergency, the Port shall make reasonable effort to notify the Lessee but shall have the right to immediately proceed with remediation if the Port is unable to notify the Lessee or Lessee fails to respond to such notice. The Lessee agrees to pay to Port such costs within 30 days after receipt of invoice from the Port, such right to be in addition to any other remedy available to the Port as provided herein, at law, or by equity. Until said remedial actions as required to restore the Premises to an acceptable condition are completed, the Lessee shall not be released from any liability for such costs.

7.6.1 Until such time as Lessee has fulfilled all the requirements of Section 7.6 above, the Port may, at the Port's option, treat the Lessee as a holdover tenant and all provisions pursuant to Section 7.5 shall apply. To the extent the Port can make use of the property, the Port will make adjustments to the rental amount owed by the Lessee during any holdover created under this Section 7.6.1.

ARTICLE VIII. - DEFAULT

Section 8.1 - Events of Default: The following shall be events of default:

8.1.1 Default in Rent: Failure of the Lessee to pay any rent or other charge as provided herein within 10 days after it is due. The Lessee's liability to the Port for default shall survive termination of this Lease.

8.1.2 Default in Other Covenants: Failure of the Lessee to comply with any term or condition or fulfill any obligation of the Lease (other than the payment of rent or other charges) within 30 days after written notice by the Port specifying the nature of the default with reasonable particularity. If the default is of such a nature that it cannot be completely remedied within the 30 day period, this provision shall be complied with if the Lessee begins correction of the default within the 30 day period and thereafter proceeds with reasonable diligence and in good faith to effect the remedy as soon as practicable.

8.1.3 Insolvency: To the extent permitted by the United States Bankruptcy Code, insolvency of the Lessee; an assignment by the Lessee for the benefit of creditors; the filing by the Lessee of a voluntary petition in bankruptcy; an adjudication that the Lessee is bankrupt or the appointment of a receiver of the properties of the Lessee and the receiver is not discharged within 30 days; the filing of an involuntary petition of bankruptcy and failure of the Lessee to secure a dismissal of the petition within 30 days after filing; attachment of or the levying of execution on the leasehold interest and failure of the Lessee to secure discharge of the attachment or release of the levy of execution within 10 days.

8.1.4 Abandonment: Failure of the Lessee for 30 days or more to occupy the property for one or more of the purposes permitted under this Lease unless such failure is excused under other provisions of this Lease. If Lessee shall continue to pay rent, although not occupy the Premises, Lessee shall not be considered in default under this Section.

Section 8.2 - Remedies on Default:

8.2.1 In the event of a default under the provisions of Sections 8.1.1, 8.1.2, and 8.1.3, the Port at its option may terminate the Lease and at any time may exercise any other remedies available under law or equity for such default. Any notice to terminate may be given before or within the grace period for default and may be included in a notice of failure of compliance.

8.2.2 Suit(s) or action(s) for the recovery of the rents and other amounts and damages, or for the recovery of possession may be brought by Port, from time to time, at Port's election, and nothing in this Lease will be deemed to require Port to await the date on which the Lease Term expires. In the event the rental paid under this Lease is based upon percentage rent, the rent owed to the Port for the remainder of the Lease Term shall be the average annual rent paid over the previous four years multiplied by the number of remaining lease years. Each right and remedy in this Lease will be cumulative and will be in addition to every other right or remedy in this Lease or existing at law or in equity or by statute or otherwise, including, without limitation, suits for injunctive relief and specific performance. The exercise or beginning of the exercise by Port of any such rights or remedies will not preclude the simultaneous or later exercise by Port of any other such rights or remedies. All such rights and remedies are nonexclusive.

ARTICLE IX. - GENERAL PROVISIONS

Section 9.1 - Assignment: No part of the Premises nor any interest in this Lease may be assigned, mortgaged, or subleased, nor may a right of use of any portion of the Premises be conveyed or conferred on any third person by any other means, without the prior written consent of the Port. Any assignment or attempted assignment or sublease without the written consent of the Port shall be void. This provision shall apply to all transfers by operation of law. If the Lessee is a corporation, this

provision shall apply to any sale of a controlling interest in the stock of the corporation.

9.1.1 Consent in one instance shall not prevent this provision from applying to a subsequent instance.

9.1.2 In determining whether to consent to sublease or assignment the Port may consider any factor, including the following factors: financial ability; business experience; intended use; value of sublease or assignment. The Port may require increased rental to compensate for additional value prior to consent.

Section 9.2 - Nonwaiver: Waiver by either party of strict performance of any provision of this Lease shall not be a waiver of or prejudice the party's right to require strict performance of the same provision in the future or of any other provision. The Port's acceptance of a late payment of rent does not waive any preceding default other than the failure to pay the particular sum accepted.

Section 9.3 - Attorney's Fees: If suit or action is instituted in connection with any controversy arising out of this Lease, the prevailing party shall be entitled to recover in addition to costs such sum as the court may adjudge reasonable as attorney fees, or in the event of appeal as allowed by the appellate court.

Section 9.4 - Admittance: The Port shall not be liable for the consequences of admitting by pass-key or refusing to admit to said Premises the Lessee or any of the Lessee's agents or employees or other persons claiming the right of admittance.

Section 9.5 - Inspection: The Port and the Port's agents, janitors, workmen, and engineers may retain and use a pass-key to the Premises described herein to enable them to examine said Premises from time to time with reference to any emergency or to the general maintenance of said Premises, or for the purposes of exhibiting the same.

Section 9.6 - Adherence to Law: The Lessee shall adhere to all applicable federal, state, and local laws, rules, regulations, and ordinances, including laws governing its relationship with its employees, including but not limited to laws, rules, regulations and policies concerning Worker's Compensation, and minimum and prevailing wage requirements.

Section 9.7 - Law of Oregon: This Lease shall be governed by the laws of the State of Oregon. To the extent applicable, the contract provisions required by ORS Chapter 279 to be included in public contracts are hereby incorporated by reference and shall become a part of this Lease as if fully set forth herein.

Section 9.8 - Subordination: This Lease shall be subject and subordinate to such liens and encumbrances as are now on or as the Port may hereafter impose on the land and building, and the Lessee shall upon request of the Port, execute and deliver agreements of subordination consistent herewith.

Section 9.9 - No benefit to Third Parties: The Port and the Lessee are the only parties to this Lease and as such are the only parties entitled to enforce its terms. Nothing in this Lease gives or shall be construed to give or provide any benefit, direct, or indirect, or otherwise to third parties unless third persons are expressly described as intended to be beneficiaries of its terms.

Section 9.10 - Consent of Port: Subject to the provisions of Section 9.1, whenever consent approval or direction by the Port is required under the terms contained herein, all such consent, approval or direction shall be received in writing from the Executive Director of the Port of Portland.

Section 9.11 - Vacation: Subject to the provisions of Section 8.1.4 herein, upon vacation or abandonment of the Premises by the Lessee prior to the expiration of the Lease term without written consent of the Port endorsed hereon, the Port may forthwith enter upon the Premises or any portion thereof and relet and otherwise exercise control over the same and that for the purpose of such reletting the Port is authorized at the cost

of the Lessee to make any repairs, changes, alterations, or additions in or to said demised Premises that may be necessary in the opinion of the Port for the purpose of such reletting, and such entry and control shall not release the Lessee from the obligations herein, but the Lessee shall nevertheless remain liable and continue bound, unless the Port, at the Port's election, shall cancel the Lease and in the event cancellation shall be effected and the Port and the Lessee released from all obligations thereunder thereafter to accrue, upon the mailing of such notice of cancellation by the Port to the Lessee at the Lessee's last known address.

Section 9.12 - Notices: All notices required under this Lease shall be deemed to be properly served if sent by certified mail to the last address previously furnished by the parties hereto. Until hereafter changed by the parties by notice in writing, notices shall be sent to the Port at the Port of Portland, P.O. Box 3529, Portland, Oregon 97208-5095, and to the Lessee at, 50 SW Second Ave, Suite 515, Portland, Oregon 97201. Date of Service of such notice is date such notice is deposited in a post office of the United States Post Office Department, postage prepaid.

Section 9.13 - Modification: Any modification of the Lease shall be mutually agreed upon and reduced to writing and shall not be effective until signed by the parties hereto.

Section 9.14 - Labor Agreements: The Lessee recognizes the agreement made between the International Longshoremen's and Warehousemen's Union, Locals 8 and 40 and the Port of Portland ("ILWU Agreement") that provides that new leases or operating agreements by the Port involving "Public Cargo Handling Facilities" owned or controlled by the Port, or thereafter owned or controlled by the Port, shall provide that any traditional longshore and warehouse work assignment provisions of the effective ILWU-PMA Agreements are applicable to the signatories of the ILWU Agreement and their lessees and assigns.

9.14.1 The Lessee recognizes the Agreement made between the District Council of Trade Unions and Columbia-Pacific Building and Construction Trades Council and the Port of Portland ("Labor Agreement") that provides that the scope of the Labor Agreement shall include any marine cargo handling facilities leased by the Port to an independent operator to the extent the Port retains the responsibility for the maintenance or repair of any such leased facility or facilities. In the event the Port leases any existing facilities that are covered under the Labor Agreement to an independent operator, and such operator is responsible for maintenance of such facility, the jurisdiction of the respective crafts shall be maintained in respect to any personnel employed by such operator to perform work covered by the scope of the Labor Agreement and such employees performing such work shall receive not less than the terms and conditions of the Labor Agreement.

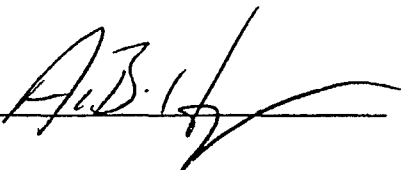
Section 9.15 - Warranty of Authority: The individuals executing this Agreement warrant that they have full authority to execute this Lease on behalf of the entity for whom they are acting herein.

Section 9.16 - Time is of the Essence: Time is of the essence of each and every payment term of this Lease.

IN WITNESS WHEREOF, the parties have subscribed their names hereto the year and date first written above.

LESSEE

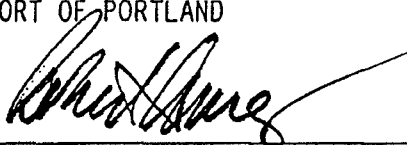
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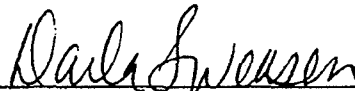
THE PORT OF PORTLAND

By



President

By



Assistant Secretary

APPROVED AS TO LEGAL SUFFICIENCY:



Counsel for The Port of Portland

APPROVED BY COMMISSION:

12-13-89

Rogers Terminal Use Areas

Building 305	6,647 sq.ft.
Building 310 w/o shed	4,266 sq.ft.
Building 305 yard	15,012 sq.ft.
Building 310 yard	10,670 sq.ft.

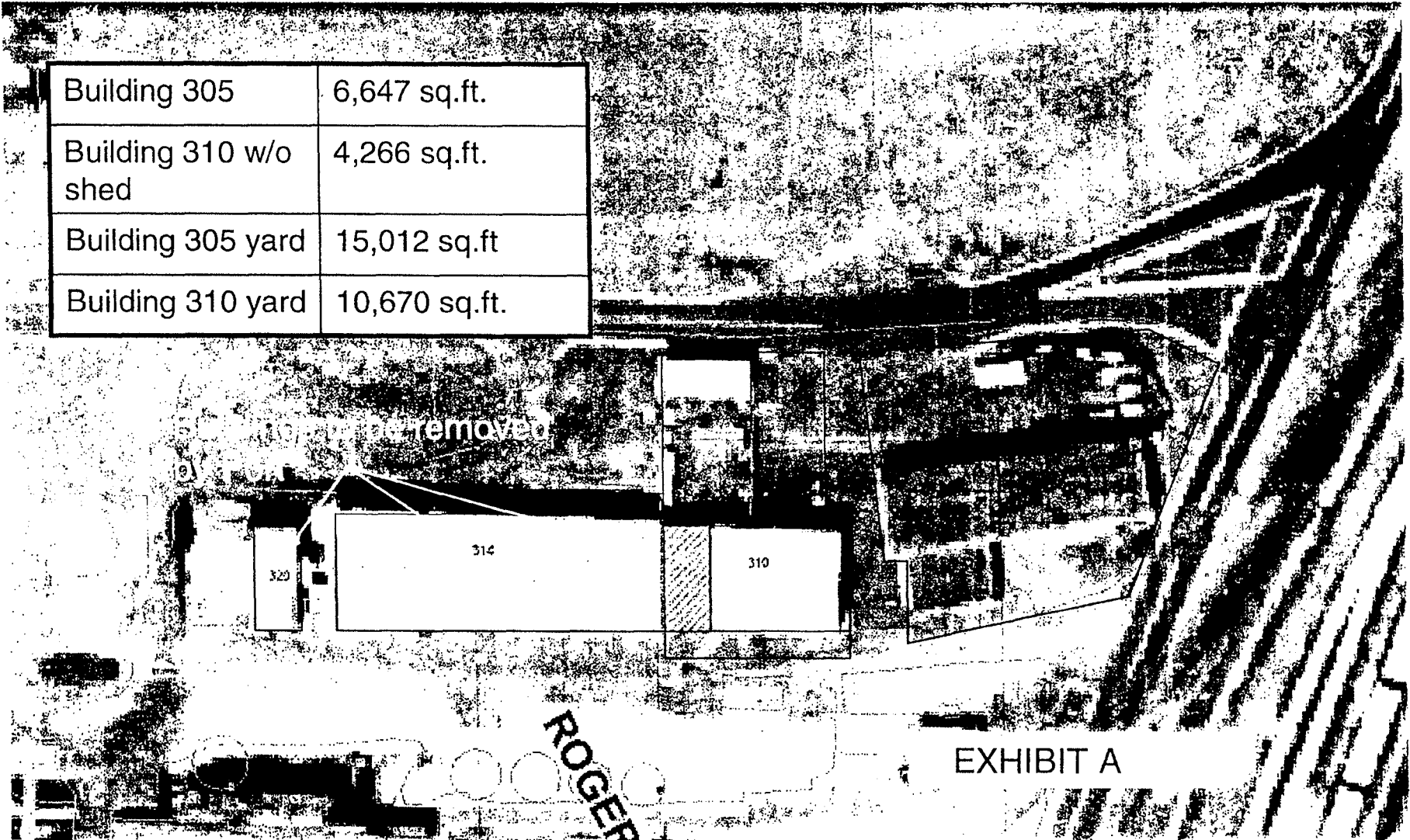


Exhibit B

AN ENVIRONMENTAL REVIEW

Rogers Terminal and Shipping Facility
Terminal 4, Port of Portland

11040 N Lombard Avenue
Portland, Oregon

October 30, 1989

Prepared for:

Port of Portland
Portland, Oregon

Prepared by:

Hahn and Associates, Inc.
Portland, Oregon

AN ENVIRONMENTAL REVIEW

**Rogers Terminal and Shipping Facility
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CARG004163

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2 Asbestos Analyses Results	

EXECUTIVE SUMMARY

In October 1989, an environmental review of the buildings, property and operations conducted at the Rogers Terminal and Shipping facility was conducted by Hahn and Associates, Inc. The facility is located at the Port of Portland, Terminal 4, 11040 N Lombard Avenue, Portland, Oregon. The review consisted of a site survey and a regulatory review of the conditions and operations conducted at the facility that were of environmental concern. Rogers Terminal and Shipping, a division of the Cargill Marine and Terminal, was noted to be engaged in fabricating equipment used by grain and log hauling ships to be utilized in loading and unloading cargo.

The site survey indicated the presence of one unregistered underground storage tank at the facility, possible polychlorinated biphenyl-impregnated fluorescent light ballasts and visible soil contamination in the vicinity of an above ground used oil tank used by the facility. Possible asbestos-containing insulation material was sampled and analyzed but the results were negative.

In addition, it was observed that waste paint thinner used to clean out paint application equipment was deposited in the used oil tank. Waste paint thinner is considered to be a hazardous waste and it should be stored and disposed of in an appropriate manner. Due to the small quantity of waste paint thinner generated by Rogers Terminal and Shipping, the facility does not qualify as a small quantity hazardous waste generator.

Based on the information gathered during the environmental review of the facility, additional investigatory activities appear to be necessary at the subject property. These activities include the registering, testing and removal of the underground storage tank. The polychlorinated biphenyl-impregnated ballasts should be inspected and removed if they are found to be leaking.

INTRODUCTION

A site survey of a portion of the eastern section of the Port of Portland (POP) Terminal 4 facility (Figure 1) was conducted on October 10, 1989 by Hahn and Associates, Inc. (HAI). The area inspected consisted of an area leased to Rogers Terminal and Shipping (RTS), along with a new lease area and a possible future additional lease area (Figure 2). The survey was part of an environmental review which was undertaken by POP prior to a long term lease re-negotiated with RTS. The purpose of the review was to determine the various areas of environmental concern at the facility through observation and through interviews with persons knowledgeable about the operations conducted there.

The portion of the Terminal 4 facility used by RTS consisted of two buildings and a yard area. Parcel I included a 1,267 square foot building (old tire shop). Parcel II consisted of a 5,066 square foot building which had been divided into two shops (the current main shop and the old plumbers shop) with an adjacent storage yard. RTS had entered into negotiations with POP to lease additional yard space associated with Parcels I and II.

RTS had also discussed with POP additional building space that it might require in the near future. This additional space consisted of the property and building located on Parcel III which included a 3,508 square foot building divided into two shop areas (the ITO and Log Gear Storage). Yard space is also associated with the lease of Parcel III.

RTS was noted to use the leased facility to fabricate cargo handling gear used primarily to load and unload log and grain boats. RTS had occupied the facility since 1985, with the prior tenant being the Port of Portland which used it for gear locker purposes.

SITE SURVEY

A site survey of the subject property was conducted on October 10, 1989 by representatives of POP, RTS and HAI. Representatives of POP attending the review included:

- o Mr. Russ Korvola, Environmental Services Division
- o Mr. Ted Winter, Marine Terminals Facilities Engineer
- o Mr. Dave Madill, Tenant Relations Manager
- o Ms. Fay Harper, Marine Project Development
- o Ms. Peggy Krause, Real Estate Department

Personnel from RTS, a division of the Cargill, included:

- o Mr. K.C. Bacon, Project Superintendent
- o Mr. Bill Luch, Shop Manager

Mr. Gary Hahn of Hahn and Associates, Inc. (HAI), environmental consultants for POP, participated in the survey portion of the review and with the assistance of Ms. Barbara Priest of HAI compiled the information contained in this report.

The buildings and yard areas at the RTS portion of Terminal 4 were inspected as a part of the environmental review. Visual indications, if present, of contamination or the improper disposal of hazardous materials and of the presence of asbestos, polychlorinated biphenyls (PCBs) and underground storage tanks (USTs) were also noted.

Existing Site Conditions

At the time of the site inspection, major improvements on the property consisted of two sheet metal warehouse buildings. The RTS shops were noted to be used to construct cargo handling gear (boxes, gangways, etc.). The types of equipment which were noted on-site consisted of several drill presses, saws, lathes, sanders, grinders, a gas-powered forklift, a vehicle hoist and welding gear. This equipment was stored and used primarily in the main shop.

The forklift was primarily used to move parts, supplies and cargo handling gear in the main RTS shop area. The vehicle hoist used hydraulic oil and compressed air for its operation, although RTS does not use the device.

An air compressor and sand blasting equipment were observed in the Log Gear Storage area. Paint thinners and compressed gases (acetylene and oxygen) in tanks were stored inside of the ITO and Log Gear Storage building. The Log Gear building was primarily used by RTS for sandblasting and for spray painting. At the time of the review, sandblast grit was noted to be scattered on the floor in this area.

The uncovered portion of the site was covered with asphalt and concrete and was used for truck and auto parking and for equipment storage (Figure 2).

Hazardous Substances

o Hazardous Materials

Hazardous materials in storage or use at the facility included paint thinners, gasoline, paints, spray lubricants, solvents and other combustible and flammable materials. These materials were stored and used primarily in the main shop area of the facility.

Gasoline used to fuel the forklift was noted to be stored in two 5-gallon jerry cans which were located in the main shop yard. Approximately twenty-five 5-gallon log-marking paint containers were observed to be stored in the shop area. Spray paints, spray lubricants and consumer-sized quantities of spray solvents (methylene chloride, methanol, tetrachloroethylene) were also noted to be used and stored in the shop area. An asbestos undercoating material, also in a spray container, was also used and stored in this area.

Six five-gallon cans of paint coating were noted in the old tire shop. This area was used to store miscellaneous supply materials, although no other hazardous substances were noted in this area.

o Hazardous Wastes

When hazardous substances are discarded or become no longer useable, they may be regarded as hazardous wastes which require special handling and disposal. RTS does generate small quantities (< 25 gallons per month) of waste paint and thinner which are regarded as hazardous wastes due to their ignitability. However, the facility is exempt from being registered as a hazardous waste generator due to the small quantity of this material that it generates. RTS was not found to be registered with the Oregon Department of Environmental Quality (DEQ) or with the U.S. Environmental Protection Agency (EPA) as hazardous waste generators at the subject property location.

During the site survey, RTS personnel indicated that the waste paint and thinner was mixed with the used oil and disposed of into a nearby above ground storage tank. This practice is in violation of Federal and State regulations with liability for both RTS and POP.

The portion of the property on which the RTS facility was located was not found to be listed on the EPA Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS) listing, the National Priority List (NPL) or on the proposed DEQ inventory of sites with confirmed releases of hazardous substances (December 1988). However, a portion of the POP Terminal 4 property located to the southwest of the RTS area has been nominated for listing on the CERCLIS list (Appendix A).

o Asbestos

Asbestos is an EPA-regulated toxic substance and a human carcinogen. A visual inspection for asbestos-containing materials (ACM) was conducted in all four buildings at the subject site. Asbestos was typically used in insulation materials, ceiling tiles and linoleum manufactured prior to the mid 1970s.

Possible ACM insulation was observed in the RTS main shop and was noted to be in a friable condition. Friable can be defined as a condition indicating that a material can be easily crushed by hand pressure so that fibers will be released into the atmosphere.

Subsequent sampling and analyses of this material proved negative for asbestos (Appendix B).

o Polychlorinated Biphenyls

Polychlorinated biphenyls (PCBs), another EPA-regulated toxic substance, are commonly found in electrical equipment manufactured prior to 1976, the year PCBs were banned from manufacture. Fluid-filled electrical equipment that could contain PCBs was not observed to be located at the RTS facility.

Fluorescent light fixtures were observed during the site inspection in several of the buildings. These fixtures were suspected of containing PCB-impregnated ballasts due to their age. Leakage from these units was not observed during the site survey. Removal of PCB-impregnated ballasts is not a regulatory requirement and the ballasts do not pose an environmental or health risk unless they leak. However, because of the possibility of leakage, the presence of these units does pose a liability to POP.

Above Ground and Underground Storage Tanks

Visual evidence of fill spouts or vent lines which would indicate the probable presence of underground storage tank (UST) was observed at one location on the property during the site inspection. The UST was located immediately west of the old tire shop (Figure 2). From information supplied by POP and RST, it was estimated that the UST was 10,000 gallons in size and had been used to hold motor fuel. An adjacent pump had been used to transfer the fuel to vehicles (Photograph 4). The UST was out of service and had not been used by RST during its occupancy of the facility. The UST had not been registered with the DEQ.

An above ground oil storage tank was observed in an area not in the leased portion of the RTS facility but across from the the old tire shop. The tank was located just outside of the Parcel I and III boundaries. The 1,000-gallon steel tank was reported to be used by both Rogers and POP for used oil disposal. Other users of the tank are not known. The tank was observed to be in good condition, however soil contamination surrounding the tank

was observed. Spencer Environmental Services periodically picks up the used oil for recycling.

Wastewater Discharges

Stormwater drains used to collect runoff from the RTS portion of the property near the old plumbing building/main shop building area were noted. RTS personnel stated that the drains eventually empty into the Willamette River. During the site survey, oil sheens or other indications of contamination were not observed in the drains located near the RTS facility. Proposed environmental regulations may necessitate filing for a National Pollutant Discharge Elimination System (NPDES) permit for the discharge of stormwater from this facility into the river.

Other than sanitary wastes, no other wastewater was indicated to be discharged to the sanitary sewer system. A steam cleaning area to the south of the main shop area was indicated by RTS to empty into the sanitary sewer. Steam cleaning was no longer done in this area.

Other Site Features

Lagoons, surface impoundments, pits, drywells, or water wells were not observed to be located on the property. Odors or visual evidence of impaired vegetation that might be indicative of waste disposal were not observed to be on the property during the site survey.

RECOMMENDATIONS

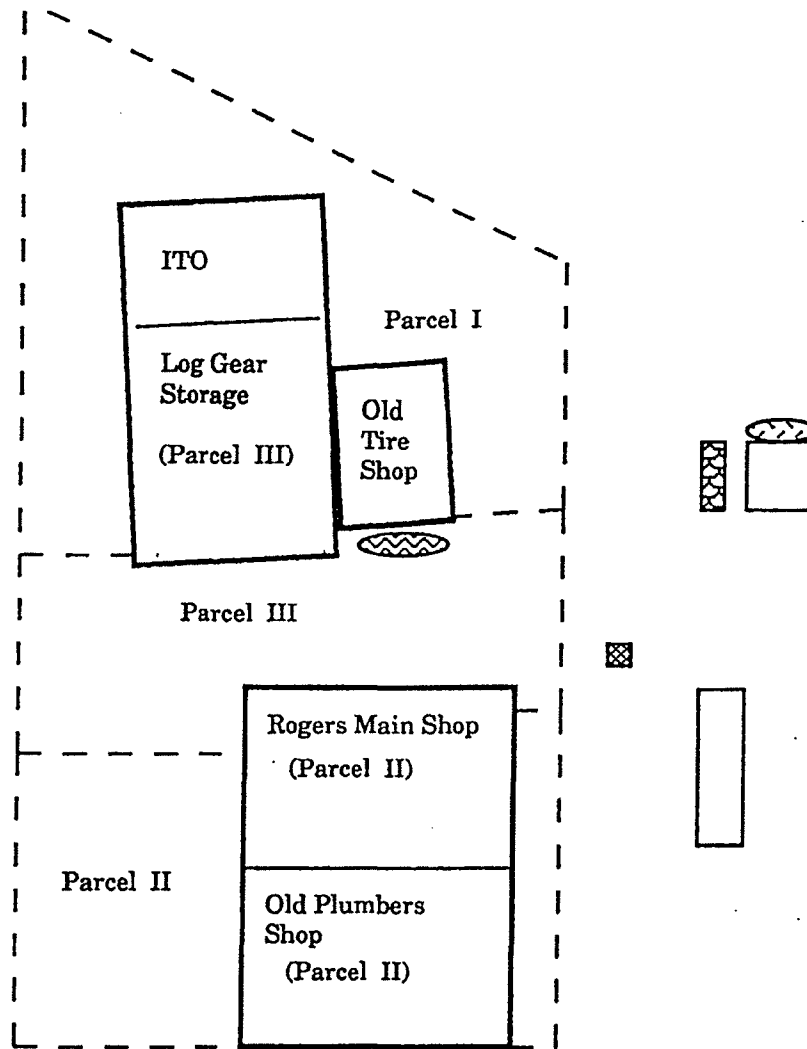
Based on the information gathered during the review, additional investigatory activities appear to be necessary at the subject property.





- 1) The underground storage tank (UST) at the facility should be registered with the DEQ. It is also required that USTs taken out of service be decommissioned if they are not to be returned to service.
- 2) The fluorescent light ballasts should be inspected for leakage of polychlorinated biphenyls (PCBs) and replaced if leakage is detected.
- 3) The soil contamination associated with the use of the above ground used oil tank adjacent to the RTS facility should be sampled and analyzed. A drip collection pan should be placed underneath the fill spout area of the tank to minimize environmental impact.
- 4) The waste paint and thinner cleaned out of the paint sprayers should be stored separately and used up or disposed of in an appropriate manner. The disposal of this hazardous waste in the used oil tank is in violation of both Federal and State regulations.
- 5) Safety and electrical codes should be reviewed regarding the use of the old tire shop for painting. Correction of deficiencies should be undertaken. The sand blasting grit in this area should be cleaned up to minimize safety hazards.

DISCLAIMER

The data presented in this report was collected, analyzed and interpreted following the standards of care, skill and diligence ordinarily provided by a professional in the performance of similar services as of the time the services were performed. This report is based solely upon an inspection of the property, upon available records and governmental agency files and upon interviews of parties knowledgeable of the property and its history.

FIGURES



-  Steam Cleaning Area
-  Above Ground Used Oil Tank
-  UST
-  Storm Drain

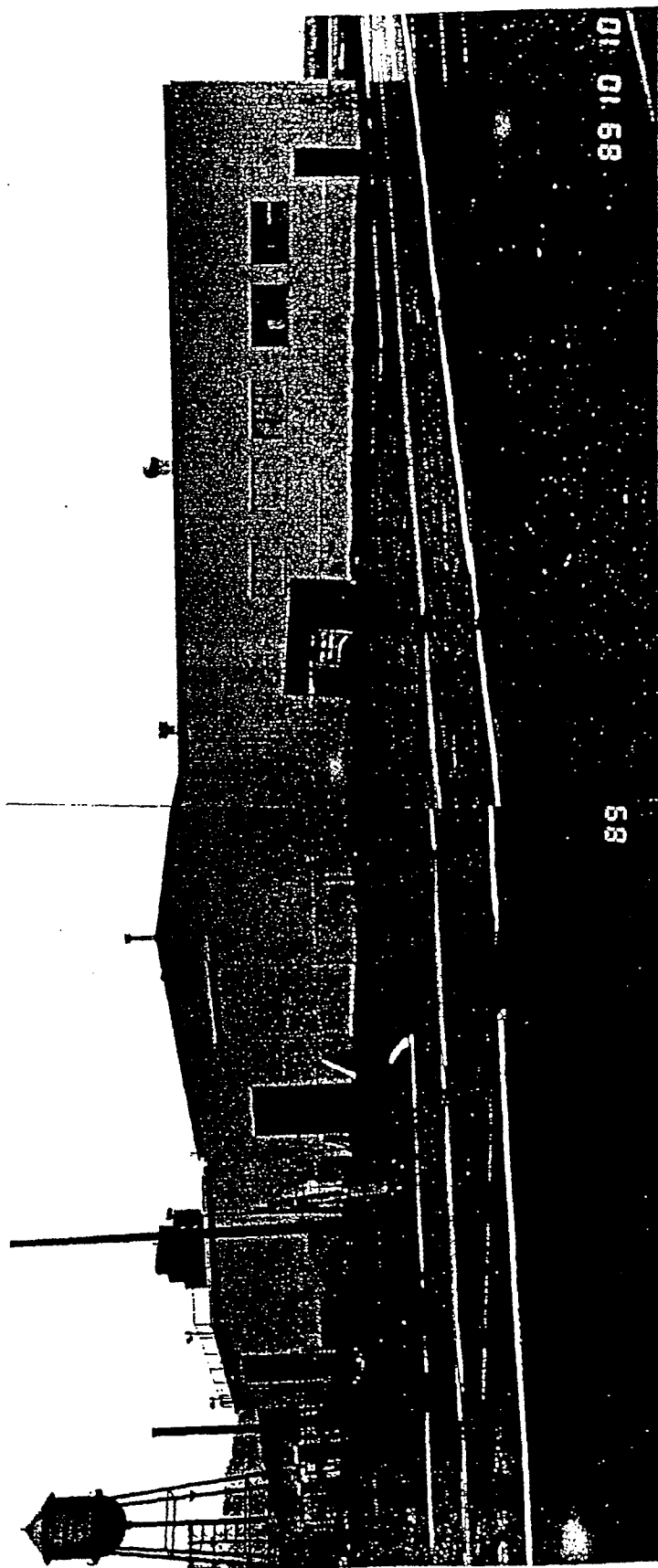
← N

Not to Scale
(10/89)

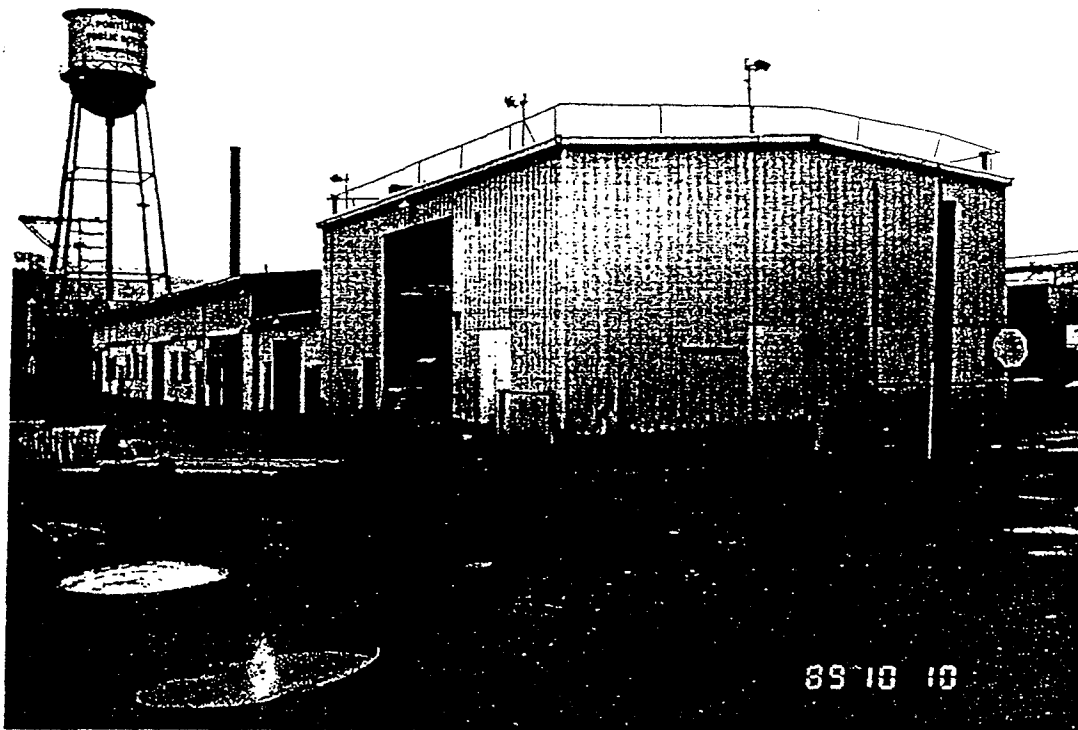
Figure 2. Facility Map
Rogers Terminal & Shipping
Terminal 4, Port of Portland
Portland, Oregon

SITE PHOTOGRAPHS

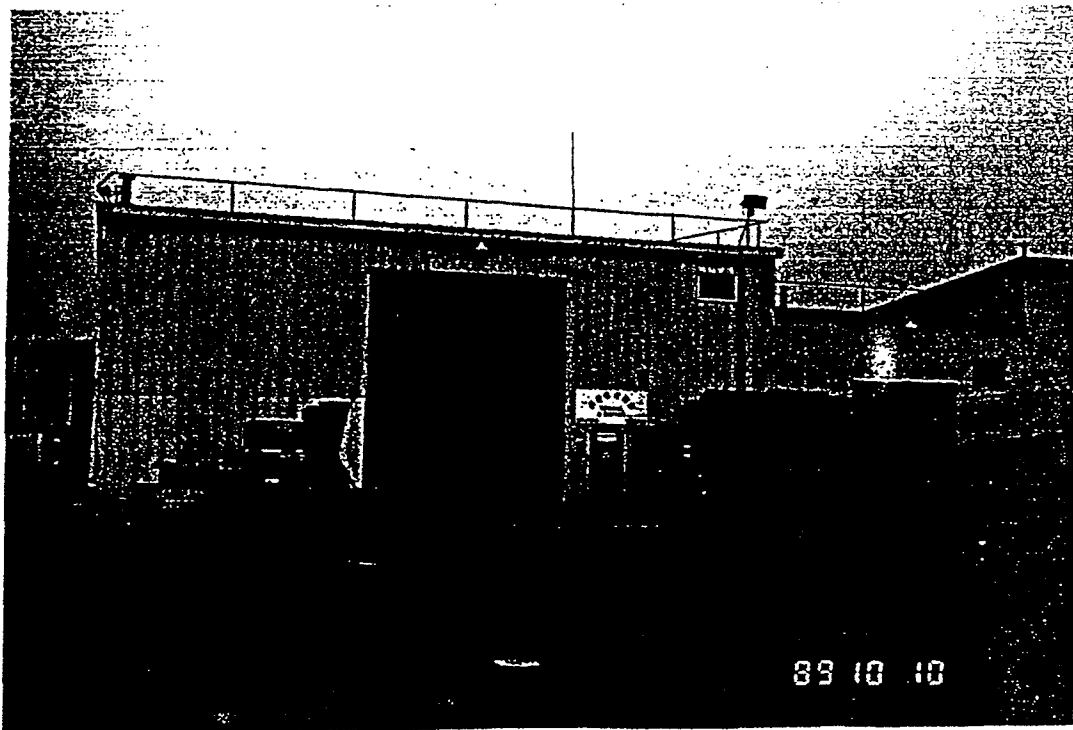
CARG004176



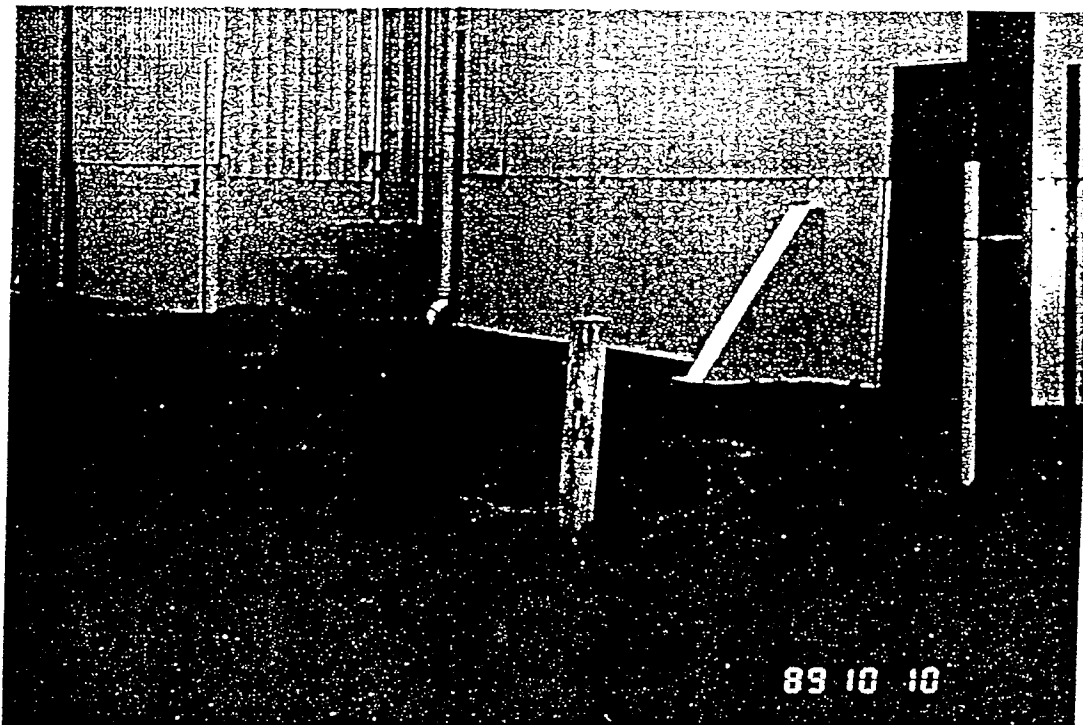
Photograph #1. Parcel III Building Which Houses ITO and Log Gear Storage



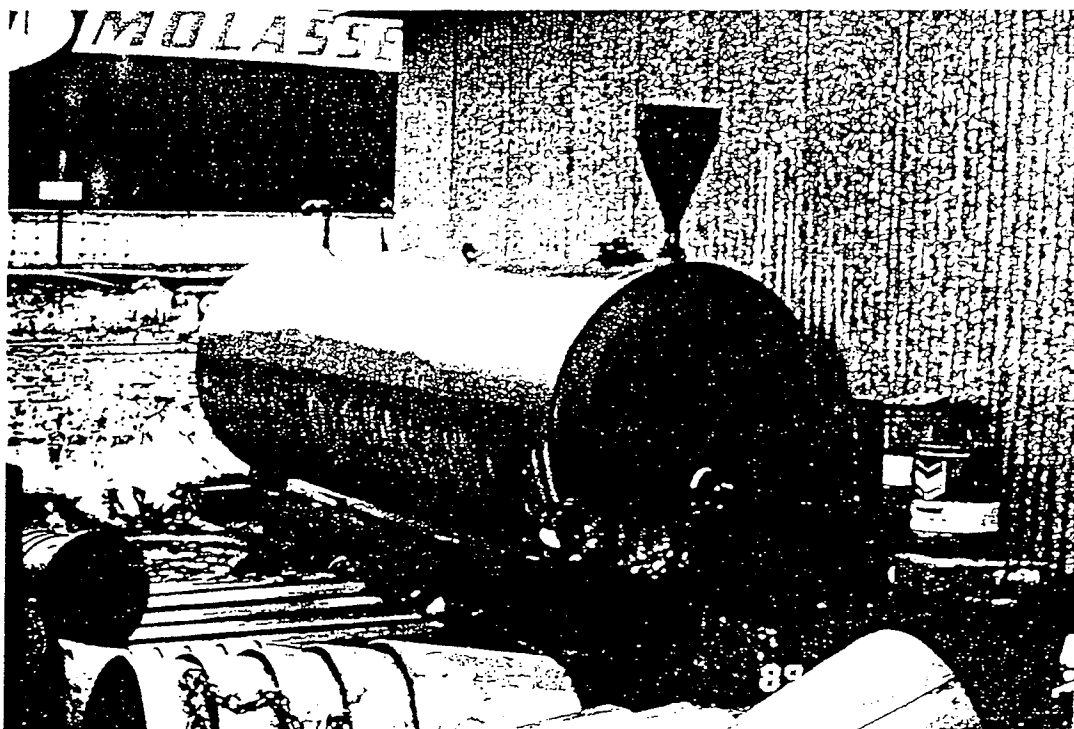
Photograph #2. Parcel II Building Which Houses The Old Plumber Shop and Rogers Terminal & Shipping Shop



Photograph #3. Parcel II Building used by Rogers Terminal & Shipping Shop



Photograph #4. Location of UST outside of the Parcel III
Old Tire Shop



Photograph #5. Shared Above Ground Used Oil Tank South of Parcel I

APPENDICES

APPENDIX A

**CERCLIS Listing Nomination Letter
Terminal 4**

STATE OF OREGON
DEPARTMENT OF ENVIRONMENTAL QUALITY

INTEROFFICE MEMORANDUM

DATE: March 16, 1989

TO: Tom Robertson, EPA-000

FROM: Harry Craig, ECD/SAS

SUBJECT: SITES NOMINATED FOR CERCLIS

1. The following are the 16 sites nominated for inclusion on CERCLIS for the remaining third and fourth quarter PAs:

NUMBER	REGION	SITE NAME
250	NW	Alpine Veneer, Inc.
96	NW	Auric Enterprises
533	SW	✓ Balteau Standard
323	WV	Bend Millwork Co.
591	NW	Chemlawn Corp.
104	NW	Columbia Steel/Joslyn Sludge Pond
303	WV	Continental Chrome
256	NW	Dobyns & Hart Pest Control
644	NW	East Side Plating Works-26th Place
262	NW	Industrial Coatings
638	E	Pendleton Tree Service
271	NW	✓ Port of Portland-Ship Repair Yard
* 272	NW	✓ Port of Portland-Terminal 4
276	NW	Redi-Strip of Oregon
—	WV	✓ Salem Airport Fire Training Site
279	NW	✓ S.P. Anodizing

2. The DEQ proposed inventory files for these sites are enclosed for your information. Please feel free to give me a call at 229-6490 if you have any questions or need additional information.

H.D. Craig
H.D. CRAIG

Encl: Site Files

CARG004182

APPENDIX B

Asbestos Sample Results



A DIVISION OF FGE

OREGON ANALYTICAL LABORATORY
14655 S.W. Old Scholls Ferry Road
Beaverton, OR 97007
(503) 644-5300

BULK ASBESTOS ANALYSIS

HAHN & ASSOCIATES, INC.
434 N.W. 6TH AVE.
SUITE 203
PORTLAND, ORE. 97209-3600
RANDI WEXLER

REPORT DATE: 89-10-25
REVIEW BY: H.L. BOORSE
H.L. Boorse
ANALYZED BY: H. BOORSE/S. LEMAY
Suzanne LeMay
DATE RECEIVED: 89-10-24

PO NO.: 1232

THE FOLLOWING SAMPLE WAS ANALYZED FOLLOWING EPA METHOD 600/M4-82-020
USING POLARIZED LIGHT MICROSCOPY WITH DISPERSION STAINING. THE REPORTED
PERCENTAGES ARE ON A WEIGHT/WEIGHT BASIS IN THE SAMPLE.
THIS TEST REPORT RELATES ONLY TO THE ITEMS TESTED.

SAMPLE ID: WALL
OAL ID: 70-0127-04921
SAMPLE IS: HOMOGENEOUS
SAMPLE COLOR IS: TAN
NONFIBEROUS MATERIALS PRESENT: PARTICULATE
FIBER CONTENT OF SAMPLE:
97 % CELLULOSE
NO ASBESTOS FIBERS WERE FOUND IN THE SAMPLE.

CARG004184

ROGERS 0012

ELSTER LINSSEY COMPANY, a Delaware corporation (hereinafter referred to as "Seller"), agrees to sell and convey to JOHN H. MacMILLAN, JR. and CARROLL MacMILLAN, as Trustees under the Will of John H. MacMillan, deceased, LEON FALK, JR. and LOUIS J. WEIZENSTEIN, both of Pittsburgh, Pennsylvania (hereinafter referred to as "Buyers"), in the fractional interests hereinafter set forth, by good and marketable title in fee simple, free and clear of all liens and encumbrances, except those hereinafter noted, and Buyers agree to purchase from the Seller the following property:

(1) The plant of Seller located at Delaware Avenue and Rigler Street in the 39th Ward of the City of Philadelphia, Pennsylvania, as described in the deed from Grove Oil Manufacturing Corporation, dated January 25, 1926, recorded in Deed Book J. M. N. #2333, Page 490, Philadelphia County, together with all the buildings, machinery, equipment (both attached and unattached) and tools, standby equipment, spare parts for said machinery and equipment, and office equipment thereon, but not including rolling stock or motor vehicles; the real estate above described shall be taken by the Buyer subject to the estates defects, or objections to title, noted on Schedule B of the policy of insurance of title, issued by the Colonial Trust Company of Philadelphia, Pennsylvania, numbered 2126, except the following: liens of mechanics and material men and municipal claims not of record and title to damages for opening, widening, vacating and change of grade of any street, lane or avenue.

(2) The warehouse property purchased by Seller from The Pennsylvania Railroad Company as described in deed, dated February 24, 1947 and recorded in Philadelphia County, Deed Book C.J.F. #1650, page 285, together with the building thereon, and generally known as the Swanson Street Warehouse, subject to encroachments of the building, and

subject to easements. The said warehouse property shall be taken by the Buyers subject to estates defects, or objections to title, noted on Schedule B of the policy of insurance of title, issued by the Land Title Bank and Trust Company, dated the 26th day of March, 1947, issued to the Buyers, except the following: Numbers 1, 2 and 5 relating to water and sewer rents.

The said deed shall convey to said trustees an undivided one-half interest in said properties and to Leon Falk, Jr. and Louis J. Reizenstein, jointly, an undivided one-half interest in said properties.

Seller further agrees to sell and Buyers agree to buy all of the issued and outstanding capital stock of Rogers Terminal and Shipping Corporation (hereinafter referred to as "Rogers"), which last mentioned corporation Seller warrants and represents is a party to a contract between Rogers and the Philadelphia Piers Incorporated for the use of Pier No. 100 South. The said shares of stock shall be assigned and delivered as follows: one-half thereof to Leon Falk, Jr. and Louis J. Reizenstein and one-half thereof to said trustees.

This agreement does not include any items or things except as stipulated above.

Buyers agree to pay Seller:

1. For the properties described in items (1) and (2) above, the sum of Five Hundred Thousand (\$500,000.00) Dollars on December 30, 1949, at 10:00 A.M. at the office of Seller in the Lincoln Liberty Building, Philadelphia, Pennsylvania, on delivery to Buyers of a deed of general warranty for said properties, or, at the option of Buyers, the delivery of such a deed to the nominee of Buyers.

2. For all of the said issued capital stock of Rogers a sum equal

to the amount on deposit to the credit of Rogers in the Philadelphia National Bank at the date of closing, the said amount to be paid at the same time and place as provided for the payment of the said sum of \$500,000.00, upon delivery to Buyers, or their nominee, of all of said issued capital stock, duly endorsed and ready for transfer, and delivery of the corporate books and records of Rogers.

At the time of the consummation of the sale on December 30, 1949, Seller will deliver to Buyers the resignations of all of the directors and officers of Rogers. If requested by Buyers, the present directors of Rogers will hold a meeting on December 30, 1949 and present the resignations in such a manner that a new board of directors, as nominated by Buyers, shall be elected and set up in place of the old board of directors of Rogers.

At any time after the date hereof, and prior to the consummation of the sale, Buyers have the privilege of depositing with the Philadelphia National Bank the sum of \$25,000.00 to be held by the bank in escrow for the performance of this agreement by Buyers, which sum shall be paid to Seller upon the delivery of said deed and capital stock, and shall be credited against said sum of \$500,000.00. The said sum of \$25,000.00 shall be refunded by the bank to Buyers if Seller defaults in this agreement or shall be forfeited and paid to Seller if Buyers refuse to consummate this agreement. After such deposit is made, the Buyers and/or Falk may enter upon the premises above described and may use the same for the storage of materials, cleaning up, etc. at Buyers' own risk and expense, but Buyers shall not, prior to the consummation of this agreement, make any major repairs or remove any of the machinery or buildings. The above privilege to enter upon the premises shall be construed to be given only for the purpose above mentioned and not as delivery of possession for any other purpose.

Both parties agree to negotiate in good faith with the Government for Buyers to assume Seller's position in relation to storage and/or handling of Government property on hand and to arrive. Buyers agree to perform the obligations of the Seller accruing on and after the delivery of the deed but not any liabilities accrued before said delivery, which last mentioned liabilities shall be discharged by Seller.

Seller warrants and represents to Buyers that there is now in force fire insurance coverage upon the property herein described in an amount equal to or in excess of said consideration. Seller agrees upon execution of this agreement to cause Buyers to be named in said policy as insureds together with Seller so that loss, if any, occurring prior to conveyance of the property herein described will be payable to Seller and Buyers as their respective interests may appear. Seller further agrees at its sole cost and expense to maintain said insurance in full force and effect until conveyance of said property.

This agreement is executed pursuant to a resolution of the Board of Directors of Seller.

WITNESS the hands and seals of the parties hereto this 15th day of December, 1949.

Attest:

(3) Bisbee
Smy

Witness:

Chas. H. Sachs

Chas. H. Sachs

Albert G. Eggermayer

Gladys Carlon

BISBEE LINSEED COMPANY

By C. B. WARNER
Vice Pres.

Corporate
Seal

Leon Falk, Jr. (SEAL)

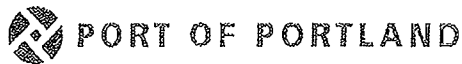
Louis J. Reizenstein (SEAL)

John H. MacMillan, Jr. (SEAL)

Cargill MacMillan (SEAL)
(John H. MacMillan, Jr. and
Cargill MacMillan as Trustees
under the Will of John H.
MacMillan, deceased.)

T-4 0046

CARG004190



December 17, 2003

Mr. Dennis Klein
Cargill, Incorporated
P.O. Box 9300/Dept. 1
Minneapolis MN 55440-9300

Arnie Schaufler
General Manager
CLD Pacific Grain LLC
222 SW Columbia Street, Suite 1133
Portland, OR 97201

Mr. Gene Loffler
Operations Manager
CLD Pacific Grain LLC
222 SW Columbia Street, Suite 1133
Portland, OR 97201

BY COURIER/OVERNIGHT MAIL, FACSIMILE AND EMAIL

RE: Environmental Contamination Issues to be Addressed Under Lease Section
12.14 at Cargill Leasehold at the PORT of PORTLAND Terminal 4

Gentlemen:

The Port of Portland (Port) has received the Environmental Site Assessment (ESA) prepared by ATC Associates for Cargill under Section 12.14 of Cargill's lease for the facilities at Terminal 4. This letter responds to the information presented in Cargill's ESA and defines the steps that should next be taken.

The purpose of Cargill's ESA is to identify the Recognized Environmental Conditions – as that term is defined in ASTM standard E1527 – associated with Cargill's operations at its leasehold that require further evaluation or investigation by Cargill. Although the ESA provides a better understanding of some environmental issues within the Cargill leasehold, the ESA report has not demonstrated a level or scope of inquiry that is appropriate enough to resolve the remaining environmental issues associated with the

Cargill leasehold. This letter identifies the areas of inadequacy and defines the appropriate next steps. The Port must make clear, however, that the list of environmental issues identified to this point is likely to expand as more is learned about the facility, and as Oregon Department of Environmental Quality (DEQ) and the United States Environmental Protection Agency (EPA) pursue further remedial investigation.

Following is a listing of general and specific issues associated with the ESA which the Port believes should be addressed by Cargill. The Port requests that Cargill address these issues, and any others which might become evident, by providing the Port with more in-depth research, including interviews with Cargill employees with knowledge of the operational and environmental history of the site, and analysis of issues where indicated below, and by providing the Port with all relevant historical information, technical support and funding with respect to the remedial investigation and resolution of these issues as part of the remedial investigation of the leasehold being required by DEQ or EPA (collectively, all such research, analysis, documentation, support, and funding are the "Cargill Participation," as further elaborated below).

GENERAL ISSUES:

1. The ESA fails to appropriately acknowledge Government Agencies' concerns regarding environmental contamination at and in the immediate vicinity of the Cargill leasehold

The ESA fails to take into proper account the environmental concerns that the DEQ and EPA have regarding the Cargill leasehold and its vicinity. The Cargill leasehold, which includes preferential use rights at Berths 405 and 401 at Slip 1, is within the Portland Harbor Superfund Site, listed on the National Priorities List in 2000. EPA's Administrative Order on Consent for the Portland Harbor Remedial Investigation and Feasibility Study defines the site to be "the areal extent of contamination, and all suitable areas in proximity to the contamination necessary for implementation of response action, at, from and to the Portland Harbor Superfund Site Assessment Area from approximately River Mile (RM) 3.5 to RM 9.2 (Assessment Area), including uplands portions of the Site that contain sources of contamination to the sediments at, on or within the Willamette River." §V.1., USEPA AOC Docket Number CERCLA-10-2001-024 (Sept. 29, 2003). EPA has already required sampling off of Cargill's leasehold. See, for example, the Portland Harbor RIFS Round 1 Field Sampling Report (Mar. 14, 2003) and EPA's LWG Round 1 Field Sampling Plan approval letter (Sept. 24, 2003). In addition, based in part on sampling off the Cargill facility, USEPA has placed an in-water Removal Action Area including Berth 405 and Slip 1 and Berth 401 under an Administrative Order on Consent for Removal Action. §III.10.q., USEPA AOC, CERCLA Docket Number 2003-356 (October 2, 2003). Hazardous substances of concern at the Removal Action Area include polycyclic aromatic hydrocarbons (including LPAHs, HPAHs and Total PAHs). See, for example, Section IV.11.b., USEPA AOC Docket Number CERCLA-10-2001-024 (Sept. 29, 2003). Moreover, USEPA's

Memorandum of Understanding for Portland Harbor Superfund Site designates DEQ the lead on upland sites in the Portland Harbor Superfund Site. Under that authority DEQ has required that the T4 Cargill leasehold be investigated, as part of an area identified as Operable Unit 1, for contamination, source control and contamination remedy selection. §I.A., DEQ Voluntary Cleanup Program Agreement, LQVC-NWR-03-18, (December 4, 2003). This specific Superfund context confirms that environmental conditions at the Cargill leasehold area present a material risk of harm to public health or the environment and are the subject of an enforcement action by governmental agencies, thereby arising to the status of Recognized Environmental Conditions. Consequently, the Port requests that these considerations be taken into account in evaluating when environmental concerns at the leasehold are Recognized Environmental Conditions.

2. Absence of critical information or documents

The ESA provides little factual information regarding environmental compliance and the environmental aspects and impacts of Cargill operations involving hazardous substances at the facility, beyond what the Port had in its archives. The absence of this information is not explained. For example, Cargill provides no records regarding its fuel storage and handling operations, including no records regarding the closure over time of various USTs and ASTs. Neither does Cargill provide any information regarding its stormwater management system, its permitting or compliance, despite the relevance of historical and current stormwater management practices to contamination located in the Removal Action Area. Lack of explanatory information regarding onsite activities and operations likely to have resulted over time in contamination will result in DEQ likely seeking subsurface investigation of the relevant area of hazardous substance handling. The absence of documents, records or other reliable information that would convincingly eliminate a cited "environmental condition" almost inevitably raises that matter to the level of a Recognized Environmental Condition. For example, the absence of any historical PCB-inventory documents is not sufficient reason to cease inquiry into the use of PCBs at the Cargill leasehold. Consequently, the Port requests thorough Cargill Participation in the form of additional document research and interviews, to enable discussion and evaluation of relevant onsite activities and conditions with environmental impacts.

3. Further evaluation of previously disclosed conditions

A number of environmental conditions were previously identified and called to Cargill's attention prior to the audit. These include the findings of staining of soil and concrete in several areas, oil at the bottom of the sump under the car tipper, and discolored liquid within a storm drain. Although the assessment again calls out these conditions, there was no attempt to further investigate, characterize, or address any of the known conditions prior to the audit. Since DEQ will require further evaluation of the potential environmental impact of these conditions, Cargill must address how it will provide

Cargill Participation with respect to such further evaluation, consistent with DEQ's requirements for a remedial investigation of the leasehold as part of Operable Unit 1.

4. Environmental concerns that are Recognized Environmental Conditions

The ESA lists 19 environmental concerns stemming from activities on the leasehold and calls out five of these as Recognized Environmental Conditions. These include:

- Potential historical releases from a sump within a mechanical pit beneath the car tipper.
- Dark surficial staining between and along the railroad tracks between Berth 401 and the Track Shed
- Surface staining on the ground around two hydraulic pumps adjacent to the rail tracks west of the Rail Tipper shed.
- No removal documentation or test results for removal of a UST southwest of the headhouse.
- Confirmed presence of floating oil on groundwater at 27 feet below land surface from an unknown source within a water well north of the northeast corner of the Elevator Operating House.

The Port requests Cargill Participation to address these Recognized Environmental Conditions listed in the ESA.

5. Inadequate responses to the Port's previously stated concerns

The Port has repeatedly expressed concerns about certain site conditions and requested information from Cargill on known site conditions from Cargill. The report does not address many of the Port's previously stated concerns.

The Port requests that Cargill review previous correspondence between the Port, Cargill, and the DEQ and use this audit to more completely address those concerns. This is particularly important because DEQ has (or will have) similar concerns. The Port's previous correspondence includes letters dated June 20, 2003 and September 19, 2003. As stated in that correspondence, DEQ's concerns include but are not limited to: historical fueling activities in the vicinity of Buildings 152 and 160, historical releases associated with area aboveground and underground storage tanks storing diesel, waste oil and other fuels, residual contamination after the closure of these facilities, and releases associated with the upland stormwater systems discharging to the river.

SPECIFIC ENVIRONMENTAL CONTAMINATION RELATED ISSUES

1. Removal of soil contaminated by hydraulic fluid

The ESA states that excavation of soil contaminated by hydraulic fluid at location C-10 was completed in November 2003, and that a report would be available in early December. No report has yet been received by the Port. Conclusion of this contamination matter needs to be resolved by Cargill in the context of the remedial investigation required of the leasehold area by DEQ.

2. Underground Storage Tanks (USTs)

USTs were formerly used at the leasehold. The ESA identifies several USTs on the property, but Port information indicates two to three additional USTs may have formerly existed on the Cargill Leasehold. The exact number and location of each of these former tanks remains in question. The location, ownership and/or operator responsibility, and contents of the historical USTs needs to be verified. Within the ESA there is no evidence of Cargill documentation of the USTs or of any confirmatory sampling being performed for any of the past UST closures operations. In each case, when appropriate UST records, decommissioning documentation and soil test data cannot be located, Cargill must address what must be done to establish the history of fuel handling on the leasehold and to evaluate the subsurface conditions in these areas, including interviews with pertinent staff and a sampling program to assess the soil and groundwater impacts from past tank usage. This is especially so at the locations two potential historical tank locations in the area of known groundwater contamination around the historical water well.

3. Pesticides and Rodenticides

Current pesticide use is stated to be limited to weed control and rodent control using poisoned bait. Up until 1997, some grain shipments were treated with malathion prior to loading. The malathion was mixed in a pesticide mix room beneath the grain conveyor near the grain elevator. An unusual odor was noted to emanate from the former malathion area. The report also states that use of pesticides in the grain storage areas included, but may not be limited to Phostoxin and Weevilcide. Earlier versions of Weevilcide used by Cargill contained carbon tetrachloride and carbon disulphide. The Phostoxin was likely applied as a solid in the grain silos and the Weevilcide was applied as a liquid.

The Port requests Cargill Participation in performing a remedial investigation of the areas where Phostoxin, Malathion, and rodent traps were used and stored, which investigation shall include thorough inspection, cleaning, and sampling to assure that residual pesticides and rodenticides, and traps, are removed from the leasehold.

4. Hydraulic equipment

The ESA generally identifies the locations of historical and existing hydraulic equipment in the Facility. However, the specific location of historical and existing hydraulic equipment was not listed in the report, nor were observations from inspections of these locations for the potential presence of oil staining. Evidence of oil staining is prevalent around many of these areas, including the South Rail Pit. The ATC ESA reports that a previous oil spill occurred when a hose broke within the area of the truck dump. It is unclear if this material was within a contained area or not.

The Port requests that Cargill address this issue by providing documents or other information that describe the location and condition of the historical equipment and oil storage areas, and the location and condition of the existing equipment and oil storage areas in the leasehold. Where evidence or suspicions of historical releases of hydraulic oil are identified, sampling of the concrete, soil, or other media should be carried out. The Port requests Cargill Participation in the investigation and resolution of this issue as part of the remedial investigation of the leasehold being required by DEQ.

Two hydraulic motors located near the track shed contain significant amounts of petroleum contamination. The Port requests Cargill Participation in sampling for petroleum contamination and PCBs within the underlying soils, as there is reasonable suspicion leaks or spills of these materials may have occurred during Cargill's long occupancy and extensive historical operations. These issues will have to be addressed consistent with the remedial investigation of the leasehold being required by DEQ.

5. Polychlorinated Biphenyl (PCB) containing materials

The historical location of PCB-containing electrical transformers at the leasehold is generally addressed in the ESA. Cargill also stated that PCB-containing transformers were removed from the leasehold many years ago in compliance with a company-wide management strategy. However, documents such as PCB inventories, PCB document logs, transformer retrofit projects, purchasing specifications for electrical equipment, or PCB spill cleanup reports were not cited in the ESA. No evidence of confirmatory sampling of soils in these removal areas is identified. Records indicate a former transformer building was demolished, CLD files reportedly indicate that PCB containing transformers were replaced on-site in 1988, and several shipping manifests indicate the removal of PCB materials off-site.

The Port requests Cargill Participation by Cargill's providing to the Port all available documents or other information relating to PCB use and cleanup at the leasehold. If this information does not exist, a PCB survey should be carried out, as well as investigative/confirmatory sampling in areas where PCBs were used or stored. These issues should be addressed as part of the remedial investigation of the leasehold being required by DEQ.

6. Sumps

Basements in the various structures at the leasehold contain sumps to collect water and other liquids that enter these spaces. Pumps are utilized to remove the liquid in the sumps. The ESA indicates that the fluids are discharged to the sanitary system. During a June 2003 walkthrough, it was noted that the South Unloading Pit sump contained water that was discolored and odorous. The source and discharge point of the liquid is unknown. Other sumps were noted during the walkthrough, although apparently not all sumps at the leasehold were observed or inspected. Some sumps located onsite represent a potential pathway for contaminants to be released to the surrounding environment, including soil and groundwater.

The Port requests Cargill Participation in identifying the location and discharge points for each of the sumps on the leasehold, and inspecting the sumps to obtain information regarding their potential to be pathways for contaminants to be released to groundwater or subsurface soils. Sampling should be considered to evaluate the potential impacts to the environment from the sumps, as part of the DEQ required remedial investigation.

7. Hazardous material/Petroleum storage areas

Locations of hazardous material storage areas should be confirmed. The Maintenance Shop, and other known discrete locations where hazardous materials and petroleum were historically stored and dispensed, should be more thoroughly investigated for potential contamination of soil and groundwater from historic releases (especially in areas that were once not paved). The ESA should address the legal compliance of ASTs and USTs, including whether a Spill Prevention, Control and Countermeasures Plan was ever created for these operations (potentially including a log or description of historical petroleum spills at the leasehold that could be used to assess potential sources and locations of contamination).

The Port requests Cargill Participation in evaluating whether soil, groundwater and other samples are appropriate in the areas of current or former hazardous materials storage areas, as part of the remedial investigation of the leasehold being required by DEQ.

The ESA makes reference to a former "bull pen", a site where hazardous waste was generated. The location of the "bull pen," remains unknown. Therefore, it is difficult to focus an inspection on this area. A reported 250 pounds of TCE, 1200 pounds of primer, and 400 pounds of paint, stored in various sized cans and drums, were removed from the area. No information is reported as to the condition of the containers or the surrounding soils. In addition, only one set of manifests was provided in the ATC report, and no information is provided regarding routine hazardous waste management practices conducted by Cargill.

The Port requests Cargill Participation in conducting further research to ascertain the precise location of the "bull pen" and in performing any investigations into these storage areas as part of the remedial investigation of the leasehold being required by DEQ.

8. **Above Ground Storage Tanks (ASTs):** Even though the ESA does not consider the presence of ASTs to be RECs based upon the absence of documented and reported releases and the absence of visual evidence of localized staining, it would be prudent to investigate the soils and groundwater in the vicinity of the ASTs to determine if they have been historic sources of contamination to soil and groundwater. Some ASTs were located in the actual area of known contamination at the water well and so area subsurface conditions must be evaluated. The former AST located approximately 300 ft west of the railcar shed was approximately a 500 gallon tank. Kitty litter along the ground near the concrete pad for this former tank indicates the possibility of at least one previous fuel spill.

The Port requests Cargill Participation in investigating the soils and groundwater in the vicinity of the ASTs to determine if they have been historical sources of contamination to soil and groundwater as part of the remedial investigation of the leasehold being required by DEQ.

9. **Rail track staining**

Railroad tracks within the entire area appear to have a significant amount of soil staining. Rather than limit a rail track investigation to areas of observed surface staining (between Rail Track Shed and Berth 401), other rail track environmental investigations at T4 suggest that the entire track alignment could be contaminated from locomotive operations on the rail, and should be investigated for potential contamination from rail operations.

The Port requests Cargill Participation in evaluating this matter and in taking appropriate core samples along selected sections of trackage with evident staining as part of the remedial investigation of the leasehold being required by DEQ.

10. **Underground Injection Control System (UIC)**

An active stormwater discharge UIC dry well (S1) installed in 1999 and located near the Berth 401 Access Ramp, is reported by the Port in its "Marine Terminal Master Plan 2020, Vol. 1, Section 3 Baseline Environmental Conditions" (Aug. 2002). The ESA did not identify nor address this UIC. The regulatory status of this installation, the historical management of the UIC, and the current environmental condition of the soils and groundwater in the vicinity of the UIC should be addressed by the ESA.

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The Port requests Cargill Participation in describing the current regulatory status and surrounding environmental conditions related to this UIC, as part of the remedial investigation of the leasehold being required by DEQ.

11. Stormwater system

The Port requests that the design, structure and function of the stormwater system serving the leasehold, including the UIC above, should be thoroughly described, including its permit status and any stormwater management planning and implementation conducted by Cargill. Based upon that description, the historical and current users (Cargill and others) of the system should be identified. If users other than Cargill contribute to the system, then their potential contaminants should be identified, and the potential for Cargill operations to have contributed to the contamination of the system and its receiving waters should be evaluated. Finally, a cleaning of the system to remove residual debris and contaminants, and a system integrity inspection should be accomplished. Cargill stormwater permits should be evaluated and compared to practices employed.

The Port requests Cargill Participation in investigating the leasehold's stormwater system as part of the remedial investigation of the leasehold being required by DEQ.

12. Water well with oil on groundwater

A 244-foot deep, 8-inch diameter water well was formerly located on the property, according to ATC personnel at the site inspection. The well located near the NE corner of the Elevator Operating House, when abandoned by Cargill in 1992, was discovered to have significant amount of oil floating on the groundwater. This material, 307 gallons, was apparently pumped out of the well prior to filling with concrete.

Since there is an absence of information about the source of the oil and any investigation or final remediation of the problem, the Port requests Cargill Participation in the investigation and cleanup of this area of the site, consistent with DEQ's required remedial investigation.

13. **Lead-based paint (LBP):** The location and condition of LBP in the Facility is not addressed in the ESA. Documents such as LBP surveys, abatement project summaries, or purchasing specifications for paint were not cited in the ESA.

The Port requests Cargill Participation by Cargill's making available all documents that describe the location and condition of LBP in the Facility, if these documents exist. If this information does not exist, a LBP survey should be considered.

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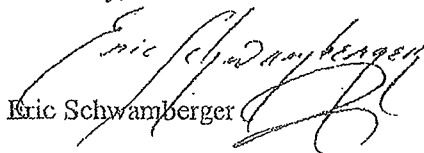
14. Other Environmental Concerns

Several items or past practices warrant further inquiry to evaluate whether they represent RECs requiring further evaluation or subsurface sampling. These include former locations of equipment maintenance activities should be assessed as to the potential for environmental concerns arising from past practices in these areas. To the extent that DEQ requires further evaluation or investigation of these matters, Cargill Participation is warranted.

The Port also would like to note a number of inaccuracies which exist within the ESA report. A listing and comments on these inaccuracies is contained within the attached Appendix to this letter.

The Port looks forward to working with Cargill on the resolution of the issues identified in this letter, as well as those issues which may yet arise through continuing efforts to address the environmental investigation and remediation of the leasehold and surrounding areas. Please contact me by phone (503 240-2014) or by e-mail (schwae@portptld.com) so that the Port and Cargill may further discuss how Cargill might best resolve these environmental contamination issues.

Sincerely,


Eric Schwamberger

Manager Environment and Safety
Marine Division, Port of Portland

cc: Bob Moulton
David Ashton
Juli Killgore
Anne Summers

Cargill Incorporated
December 17, 2003

Appendix to letter to Cargill from the Port of Portland dated December 17, 2003 (RE: **Environmental Contamination Issues to be Addressed Under Lease Section 12.14 at Cargill Leasehold at the PORT of PORTLAND Terminal 4**)

The Port also would like to note a number of inaccuracies which exist within the report. These are described as follows:

Section 1: Executive Summary

The apparent strategy of the Executive Summary was to call out concerns at adjacent properties. Some of the bullets have concerns noted, where others don't reflect any conclusions. No conclusions about the findings at the leasehold itself are represented until the end of the report. This is inconsistent.

Adjacent Properties – Schnitzer is mentioned, which gives the perception that ATC finds their property a potential concern, when later in the report, they are written off as a potential concern to the Cargill leasehold. This is inconsistent.

Regulatory Research - The UPRR tank farm is noted to include an "aboveground pipeline". The former pipeline (decommissioned in 1997) was an underground structure. The summary notes that the tank farm and pipeline were up-gradient relative to the leasehold, and that "there has been no reported release to the groundwater from this pipeline and soil contamination would not impact the Cargill site." This is an inaccurate discussion of the former St. Johns Tank Farm and pipeline. There have been documented releases associated with the former UPRR pipeline, a summary of which is provided in the May 29, 1998 DEQ Strategy Recommendation ECSI #272 that ATC references in their report. However, it should be noted that the former pipeline was located to the south of Slip 3, which is topographically cross-gradient relative to the Cargill leasehold.

Section 3: Site Description

Section 3.5, Current Use of the Property – "Terminal 4 is listed in the ECSI, CRL, UST, and VCS regulatory databases as well as being a part of the Portland Harbor Superfund site." Terminal 4 is considered to be an upland source control site (a potential source to contaminated sediments), adjacent to the Portland Harbor Superfund Site.

Section 3.5, Current Uses of Adjoining Properties – There is no mention of where UPRR, Transversal Ship, River Patrol, or Port of Portland are located relative to the leasehold.

Section 4: User Provided Information

Appendix to letter to Cargill from the Port of Portland dated December 17, 2003 (RE: **Environmental Contamination Issues to be Addressed Under Lease Section 12.14 at Cargill Leasehold at the PORT of PORTLAND Terminal 4**)

Section 4.3, Specialized Knowledge – This section mentions a “historic hydraulic spill”. The cleanup should not be considered complete if the results of confirmatory sampling have not yet been received.

Section 4.7, Other User Provided Documents – The draft U.S. EPA AOC for RI/FS needs to be connected with Portland Harbor Sediments so that it is not confused with the AOC for the T4 Early Removal Action.

Section 5: Records Review

Section 5.0 does not list the month/year that the regulatory databases cited were last updated. The discussion of the findings should, but does not, note how current information from the DEQ website is. There is potential that some of the listings have received NFA status, which may not yet be reflected on DEQ’s website or in the EDR report.

Section 5.1, Standard Environmental Records – The table “Summary of Federal & State Agency Database Findings” indicates the property is not listed as an ECSI site. The Cargill leasehold is included within the T4 Slip 1 Upland Facility, ECSI #2356.

Section 5.1, Standard Environmental Records - The HSIS listing with the State Fire Marshal on Cargill indicated that an approximately 500-999 gallon diesel AST had been removed but did not indicate when, or from where the AST had been removed (or when it had been installed). ATC reported that it was not present during their walkthrough on October 27, 2003, but that they had determined it was of “double envelope” construction. It is unclear how ATC was able to state the construction if the AST was no longer present at the leasehold. It was also not stated whether the AST had secondary containment, or whether it was housed under cover.

Section 5.1.1, Federal Agency Database Findings, Portland Harbor – ATC notes in prior discussions that that Terminal 4 is within the Portland Harbor Superfund Site, but in 5.1.1, ATC states that it is adjacent. This should be corrected throughout the document. Terminal 4 is considered to be an upland source control site (a potential source to contaminated sediments), adjacent to the Portland Harbor Superfund Site.

Section 5.1.1, Federal Agency Database Findings, Portland Harbor – It was noted that Cargill/CLD Pacific is not included in the list of 69 Potentially Responsible Parties (PRPs) that is listed on the CAG website. The list of 69 to which the CAG refers is the list of EPA General Notice Letter recipients. The list of 69 should not be represented, either directly or indirectly, as a final list of PRPs, nor should the list be used as confirmation that Cargill, based on their absence from the list, is not a PRP with regard to the Portland Harbor site.

Section 5.1.1, Federal Agency Database Findings, Port of Portland Terminal 4 – DEQ's ECSI database is a state database, not a federal database. Differentiation between the ECSI numbers for T4 facilities should be made (T4S1=2356, T4ASA=172, T4S3=272).

Section 5.1.1, Federal Agency Database Findings, Port of Portland Terminal 4 – The discussion of T4's inclusion in the EDR report as a RCRA LQG references a rail track soil removal, lead paint chip removal, and drum removals (includes a note that 2,451 lbs of water contaminated with PCE was removed from T4 in 1993). There is no mention of the location of such activities. It is unclear whether ATC attempted to confirm these locations, and whether or not these items had potential to impact the Cargill leasehold. In the Regulatory Data Summary, ATC notes that "These listings suggest that other facilities at Terminal 4 contributed to soil and possible groundwater contamination that could impact the property". This determination should not be made without confirming the location of these activities. It is possible that some of these were on the Cargill leasehold.

Section 5.1.1, Federal Agency Database Findings, Terminal Flour Mills – "Based on the reported presence of the USTs and no documentation of removal or soil test results, the potential for release to the environment from the former USTs represent an environmental concern to the site." Locations of these USTs should be included on the map, along with locations of Cargill's USTs.

Section 5.1.1, Federal Agency Database Findings, Toyota Logistics Services – ATC notes this site as a concern based on their review of DEQ's file, however, ATC should note that the only portion of this site that is up-gradient to the Cargill leasehold (the upper lot) has an NFA pending for the LUST incident.

Section 5.1.2, State Agency Database Findings, Transversal Ship – ATC notes that LUST #26-91-0133 is attributed to Toyota Logistics Services and that this is a concern. See above notes regarding the NFA.

Section 5.1.2, State Agency Database Findings, Klix Corp. – ATC notes that DEQ issued an NFA in December 1995, but that DEQ "believes asphalt covered soil and groundwater may still be contaminated". According to the DEQ ECSI database summary online, "DEQ staff determined on 6/11/96 that no further action was required for the site under an industrial cleanup scenario. The NFA is contingent upon use of the site remaining industrial." With the NFA status conferred, it is unclear why this site would remain a concern.

Section 5.3, Historical Use Information – The Historical Use Summary table notes that between 1940 and 1960, the property (the leasehold?) was used for shipbuilding. This is inaccurate. The facility north of Terminal 4 was occupied by Oregon Shipbuilding Corp. and was used for shipbuilding, but the area of Terminal 4 containing the Cargill leasehold was never used for such purposes.

Section 5.3, Historical Use Information, Fire Insurance Maps – The quality of the Sanborn maps provided in the appendix is poor. Significant features such as USTs are difficult to discern. ATC should note whether the maps depicted USTs/ASTs or hazardous material storage. ATC should review these maps in larger scale, and should confirm the absence or presence of USTs/ASTs or hazardous material storage.

Section 5.3.5, Historical USGS Topographic Quadrangles – ATC notes that these are not available for the site area. This is inaccurate. Historical USGS Topographic Quadrangles are available at the Oregon Historical Society, and the Port has them on file as well.

Section 5.3.6, City Directories – The summary of ATC's city directory review notes that "In light of the fact that several of these companies have been named Potentially Responsible Parties to the Portland Harbor Superfund site, and that many of them are subjects of ECSI files, it is likely that the industrial facilities in these listings represent an environmental concern to the Cargill leasehold." It is not clear which of the facilities in the city directories represents a concern to ATC. The report also does not note which facilities are up-gradient. This is inconsistent with prior discussions.

Section 5.3.7, Building Department Records – The summary lists building department records that are considered RECs at the property and/or surrounding area – included are references to a steam cleaning pad, incinerator, and AST for dust control chemicals. None of these items are identified in the conclusions as RECs. The report then notes that Cargill "wrecked and removed a transformer building" in 1977, but did not note this as an environmental concern based solely on a statement that "Cargill eliminated PCB-containing transformers from the facility decades ago".

Section 6: Site Reconnaissance

Section 6.2, Hazardous Substance Use/Storage – ATC lists observations during the site walk such as soil staining around hydraulic motors, oil in a sump present in a mechanical pit, and standing liquid in a storm drain, but doesn't provide any opinion as to whether these represent a concern to the leasehold.

Section 6.3, Storage Tanks – The discussion on the UST(s) located at the Cargill leasehold makes little or no attempt to verify the accuracy of the tank inventory report, the DEQ files, and information provided by Cargill. The report notes that the ECSI file was reviewed, but no reference is made on examination of DEQ's tank files.

Section 6.4, Other Petroleum Products – The function and location of the "oil shack" should be clarified, and its relationship to the former Transformer House.

Section 6.5, Polychlorinated Biphenyls – ATC notes that Cargill razed the Transformer House and removed PCB-containing capacitors, a drum of PCB-containing oil, and

drums of PCB motors and switches. It is not noted whether or not this is an environmental concern.

Section 6.7, Waste Generation, Storage and Disposal – The bulleted list of “releases and/or disposal of hazardous substances” should be divided as it is difficult to discern the difference between a pickup of waste and a release from the summaries provided.

Section 6.7, Waste Generation, Storage and Disposal –The location of the “bull pen” reported in the bulleted list is unclear.

Section 6.9, Sumps – The report notes that the car tipper pit sump was “formerly filled with oil”, yet earlier in the document, it is stated that during the walkthrough, the sump contained standing oil. It is also unclear whether “connected to sewer line” meant stormwater or sanitary sewer.

Section 6.11, Stormwater Management Systems – There is no mention of discharges to the stormwater system or the system as a pathway to the river and potentially to sediment contamination. The findings and opinions section (Section 9.0) notes that “there is evidence of past chemical handling in the vicinity of the catch basins”. This should be documented in Section 6.1.1.

ESA Figures: The current figures depicting site features are not useful because many features that are omitted (UST locations, outfalls, etc.) have equal or greater importance compared with many of the features that are included in the figures.

The Port requests that specific locations of facility systems, historic features of interest, and environmental concerns and RECs be designated on ESA site maps, along with various other features such as historic UST locations, storm sewer system lines and outfalls, etc.

General Comments

- Terminal 4 is a large facility. Little effort is made within the report to distinguish between the various locations.
- The term “property” and “site” are used interchangeably. This is confusing.
- Consistent with the definition provided in ASTM E 1527, the use of “recognized environmental concern” in various places in the report should be changed to “recognized environmental condition”.
- The ESA is focused on potential impacts to the leasehold (either from activities on the leasehold or from activities at adjacent/up-gradient properties). There is no evaluation of potential impacts originating from the Cargill leasehold to adjacent

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properties, including those owned by the Port and/or adjacent sediments in Slip 1 and the Willamette River.

- The figure shows historic AST locations, but no current ASTs, and no historic/current USTs.
- The figure does not delineate the boundaries of the leasehold.
- The report makes no mention of Cargill having any environmental management plans in place, such as an SPCC plan.
- There is no mention of Cargill's preferential berthing rights or their over-water activities.
- There is no description within the report of the processes/operations at the terminal.

T-4 0124



PORT OF PORTLAND

December 29, 2003

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BY REGISTERED MAIL, POSTAGE PREPAID, EMAIL AND FACSIMILE

Re: Terms and Conditions for Lease Termination
Lease Agreement between the Port of Portland and Cargill, Incorporated
Terminal 4 Grain Facility - Port Agreement #75-057 ("Lease")

Gentlemen:

This letter will confirm the understanding between the Port of Portland ("Port") and Cargill, Incorporated ("Cargill") as to final matters to be addressed in connection with Cargill's termination of the above-referenced Lease ("Lease Termination"), and those matters that will survive the Lease Termination and Cargill's surrender of the Lease premises ("Premises") to the Port.

The following is a list of certain key events that have occurred to date in connection with Cargill's performance of termination obligations under the Lease ("Termination Obligations"):

1. By letter dated April 29, 2003, Cargill notified the Port of Cargill's intention to terminate the Lease effective June 20, 2003 pursuant to Section 11.1 of the Lease.
2. Through a series of communications and letters to Cargill (including letters dated May 23, 2003; June 20, 2003; November 14, 2003; November 20, 2003;

- November 24, 2003; and December 24, 2003), the Port has identified its requirements regarding Cargill's implementation of its Lease Section 12.14 exit audit and remediation responsibilities, including (i) requesting that Cargill address DEQ's environmental concerns relating to the Premises and that Cargill incorporate those concerns in its exit audit; and (ii) notifying Cargill that to the extent DEQ required the Port to investigate and cleanup contamination that was covered under Cargill's Lease obligations, the Port would hold Cargill responsible and seek recovery and reimbursement.
3. On October 7, 2003, the Port proposed a settlement of certain obligations with respect to rent, minimum annual dockage rental, dock fender system repairs, roof repairs, and electrical repairs (collectively, "Settlement Matters"). Cargill accepted the Port's proposal by letter dated October 14, 2003, with the understanding that environmental issues would be resolved separately after Cargill had completed, and the Port had accepted, the exit audit of the Premises.
 4. On November 20, 2003, the Port notified Cargill under the Lease of Cargill's failure to comply with the Lease regarding DEQ's environmental concerns with respect to the Premises. Cargill's response is dated December 22, 2003.
 5. On December 5, 2003, the Port received Cargill's check in the amount of \$311,000 ("Partial Settlement") in payment of all Settlement Matters except for the cost of electrical repairs, with the further understanding that Cargill would pay the remaining portion of the settlement up to the amount of \$100,000 upon receipt of the Port's estimate for electrical repairs ("Remaining Settlement").
 6. On December 4, 2003, the Port received the Environmental Site Assessment of the Premises prepared by ATC Associates Inc. dated December 4, 2003 ("Audit Report"). The Port responded with additional matters which it believes are required for compliance with Lease Section 12.14 by letter dated December 17, 2003. Cargill's detailed response supplementing its preliminary response letter of December 22, 2003 has not yet been received by the Port.
 7. On December 15, 2003, the Port notified Cargill of non-compliance with the Lease with respect to the 1992 cleanup and closure of a water well as described in the Audit Report. Cargill's response is pending.
 8. On December 24, 2003, the Port requested additional environmental information from Cargill regarding its activities on the leasehold and notified Cargill of an apparent failure relating to the regulatory status of the facility's stormwater management system.

The matters reflected in items 2, 4, 6, 7, and 8 above are matters Cargill has been notified of under the Lease relating to Cargill's environmental obligations under the Lease that are pending resolution ("Unresolved Environmental Matters").

Remaining Termination Obligations; Termination Date

The Lease Termination will be effective as of the later of December 31, 2003 ("Termination Date") or the date on which each of the following obligations and

conditions have been performed or satisfied by Cargill (collectively, "Remaining Termination Obligations"):

- Cargill shall have paid all taxes currently due and owing in connection with Cargill's use and occupancy of the Premises. Cargill acknowledges that Cargill is responsible for payment of all taxes associated with Cargill's use and occupancy of the Premises, including without limitation the payment of all real property taxes for the 2003-2004 tax year, and that all such obligations shall survive Lease Termination and be included in the Surviving Lease Obligations described below.
- Cargill represents and warrants that Cargill has not assigned or encumbered Cargill's interest under the Lease or any part thereof, and that no contracts for the furnishing of any labor or materials with respect to the improvements or alterations in or about the Premises have been entered into by Cargill (or its sublessees, agents, employees, or contractors) or are outstanding that have not been performed and satisfied. The foregoing representations and warranties under this paragraph shall remain true and correct as of the Termination Date.

Obligations Surviving Lease Termination

From and after the Termination Date, the Lease will be of no further force and effect, with the exception of the following obligations (collectively, the "Surviving Lease Obligations"):

1. Cargill's obligation to pay rent for the months of November and December, 2003 at the current Lease rate of \$16,000 per month upon presentation of an invoice from the Port but in no event later than January 16, 2004;
2. Cargill's obligation to pay the Remaining Settlement for electrical work upon presentation of an invoice from the Port but in no event later than January 16, 2004;
3. Cargill's obligation to pay all taxes associated with Cargill's use and occupancy of the Premises, including without limitation the payment of all real property taxes for the 2003-2004 tax year as provided above;
4. Any obligations of Cargill under the Lease arising prior to and unresolved to the satisfaction of both parties by the Termination Date;
5. Cargill's obligations with respect to Unresolved Environmental Matters; and
6. Those obligations and indemnifications that survive termination according to the Lease or by law.

Cargill hereby acknowledges and agrees that the Surviving Lease Obligations include without limitation Cargill's obligations under Sections 6.4 and 12.14 of the Lease.

Premises Safety and Security

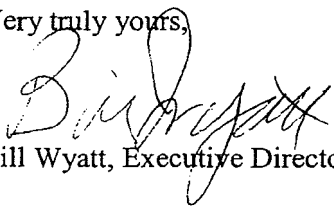
As of the Termination Date, the Port will take responsibility for safety planning at the Premises and will release Cargill from claims or damages arising from any errors contained in equipment safety notices currently posted within the Premises. As of the Termination Date, the Port also will place the Premises under the Port's insurance coverage, and will assume responsibility for security at the Premises.

Partial Settlement

The parties acknowledge and agree that the Port's acceptance of the Partial Settlement in no way constitutes a waiver of, or release of Cargill from, Cargill's performance of the Remaining Termination Obligations or the Surviving Lease Obligations.

Please indicate Cargill's acceptance of all terms and conditions stated in this letter by returning an original of this letter with the signature of Cargill's authorized representative where indicated below.

Very truly yours,



Bill Wyatt, Executive Director

AGREED AND ACCEPTED:

CARGILL, INCORPORATED

By: _____

Name: _____

Title: _____

Date: _____

cc: Sam Ruda
Robert Moulton
David Ashton
Juli Killgore
Eric Schwamberger
Gene Loffler (CLD Pacific Grain, LLC)
Arnie Schaufler (CLD Pacific Grain, LLC)

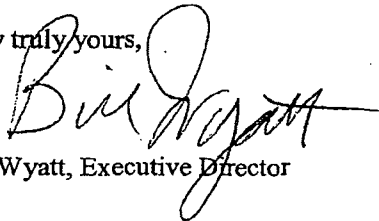
Cargill, Incorporated
December 29, 2003
Page 4

Partial Settlement

The parties acknowledge and agree that the Port's acceptance of the Partial Settlement in no way constitutes a waiver of, or release of Cargill from, Cargill's performance of the Remaining Termination Obligations or the Surviving Lease Obligations.

Please indicate Cargill's acceptance of all terms and conditions stated in this letter by returning an original of this letter with the signature of Cargill's authorized representative where indicated below.

Very truly yours,



Bill Wyatt, Executive Director

AGREED AND ACCEPTED:

CARGILL, INCORPORATED

By: R. Wayne Teddy

Name: R. Wayne Teddy

Title: _____

Date: 12/30/03

cc: Sam Ruda
Robert Moulton
David Ashton
Juli Killgore
Eric Schwamberger
Gene Loffler (CLD Pacific Grain, LLC)
Arnie Schaufler (CLD Pacific Grain, LLC)

CARG004212

IRVING 0050

CARG004213

ASSIGNMENT OF AGREEMENTS

THIS AGREEMENT, made and entered into this 14th day of July, 1995, by and between CARGILL, INCORPORATED, a Delaware corporation to be addressed at 15407 McGinty Road West, Wayzata, Minnesota 55391 ("Assignee") and BUNGE CORPORATION, a New York corporation to be addressed at 11720 Borman Drive, St. Louis, Missouri 63146 ("Assignor").

WITNESSETH:

RECITALS:

WHEREAS, Assignor is presently a party to those certain leases, licenses and other agreements set forth on Exhibit A attached hereto and made a part hereof (collectively referred to as the "Agreements"); and

WHEREAS, Assignor is transferring its interest in that certain real property located in the Town of Portland, County of Multnomah, State of Oregon, to Assignee which is more specifically described on Exhibit B attached hereto and made a part hereof;

WHEREAS, Assignor and Assignee desire that all of Assignor's interest in and to the Agreements be assigned to Assignee.

AGREEMENT:

NOW THEREFORE, the parties hereto mutually agree as follows:

1. For and in consideration of One Dollar (\$1.00) and other good and valuable consideration, the receipt of which the Assignee does hereby acknowledge, Assignor hereby sells, assigns, transfers, conveys and sets over to the Assignee all of Assignor's right, title and interest in and to the Agreements, as the same may have heretofore been amended or modified.
2. For and in consideration of the above Assignment, the Assignee hereby accepts and assumes the Assignment and agrees to be bound by and to abide by each and every one of the terms and conditions of the Agreements and hereby expressly assumes any and all liability for, and agrees to promptly make, any and all payments due thereunder and to perform all of the covenants and agreements contained in the Agreements from the effective date of this Assignment.
3. Any prepaid payments due under the Agreements shall be prorated between the parties as of the effective date of this Assignment.

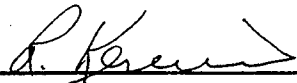
original fastened under Audit 1135173

Portland, OR
510.0000 CARG004214

4. The effective date of this Assignment shall be July 14th, 1995.

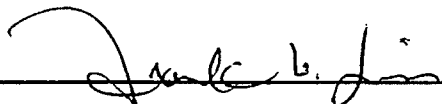
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first herein written.

BUNGE CORPORATION

By: 
Its: Senior Vice President

"Assignor"

CARGILL, INCORPORATED

By: 
Its: Vice President

"Assignee"

EXHIBIT A

Assumed Contracts

1. Private Roadway Encroachment Agreement (Audit No. 105268) dated October 17, 1977 between the Oregon-Washington Railroad & Navigation Company, its lessee Union Pacific Railroad Company, and Bunge Corporation.
2. Industry Track Contract (Audit No. 125926) dated January 10, 1977 between the Oregon-Washington Railroad & Navigation Company, its lessee Union Pacific Railroad Company and Bunge Corporation.
3. Supplemental Agreement dated October 19, 1983 (Audit No. 135193) to Industry Spur Track Agreement dated April 14, 1983 between the Oregon-Washington Railroad & Navigation Company, its lessee Union Pacific Railroad Company, and Bunge Corporation. (Copy of original Industry Spur Track Agreement not attached.)

EXHIBIT B

Legal Description

PARCEL I:

A parcel of land lying in the Southwest quarter of Section 27, Township 1 North, Range 1 East, City of Portland, County of Multnomah and State of Oregon, more particularly described as follows:

Beginning at a point on the Southwesterly line of North River Street, said point being South 50°58'41" East a distance of 235.49 feet from the East corner of River Lot 19, Albina, as conveyed to Dillingham Corporation, by Deed recorded February 13, 1969 in Book 663 Page 196, Deed Records; thence along said Southwesterly line South 50°58'41" East a distance of 179.04 feet to a point; thence leaving said Southwesterly line of North River Street North 88°46'41" West a distance of 13.54 feet to a point; thence South 59°22'30" West 381.2 feet more or less to a point on the Harbor line; thence along said Harbor line North 34°31'11" West 8.0 feet more or less; thence North 50°14'11" West 268.8 feet more or less to a point on the Southwesterly extension of the Southeasterly line of River Lot 19, Albina; thence leaving said Harbor line North 39°01'19" East along said Southwesterly extension and Southeasterly line a distance of 145.9 feet more or less to a point; thence leaving said Southwesterly extension of the Southeasterly line of River Lot 19, Albina, South 52°19'00" East a distance of 93.00 feet to a point; thence North 58°02'25" East a distance of 22.60 feet to a point; thence South 30°52'05" East a distance of 57.93 feet to a point; thence North 58°44'50" East a distance of 194.39 feet to a point; thence South 50°58'41" East a distance of 15.14 feet to a point; thence North 39°01'19" East a distance of 8.25 feet to the point of beginning.

EXCEPTING THEREFROM ownership of the State of Oregon in and to that portion of the premises herein described lying below the line of ordinary high water of the Willamette River.

PARCEL II:

A tract of land in the William Irving Donation Land Claim and Joshua Delay Donation Land Claim: Also of the Southwest one quarter of Section 27 and the Northwest one quarter of Section 34, Township 1 North, Range 1 East of the Willamette Meridian in the City of Portland, County of Multnomah and State of Oregon; described as follows:

Beginning at a point in the North line of the said William Irving Donation Land Claim, that is North 89°42'45" East 270.89 feet from the Northwest corner of said Claim, which point is the Northwest corner of Third Street extended in the Old City of East Portland, said point is North 89°42'45" East 16.20 feet from the intersection of said Donation Land Claim line with the Southwesterly line of North River Street, also is the intersection of said Donation Land Claim line with the Northerly prolongation of the curve of the Western right of way line of the Oregon-Washington Railway and Navigation Co., as described and recorded March 24, 1882 in Deed Book 54 at Page 77 said Multnomah County; thence Southeasterly along

the Westerly line of Third Street and the Westerly right of way line of said O.W.R. & N. Co., 1163.75 feet to a point in the Northerly line of the Northern Pacific Terminal tract recorded December 9, 1882 in Deed Book 62 at Page 139, which point is the intersection with the South line of North Dixon Street extended Westerly; thence along the Westerly extension of the South line of North Dixon Street and the Northerly line of the said Northern Pacific Terminal tract, South 51°33'30" West 212.42 feet to the intersection with the harbor line of the Eastern bank of the Willamette River; thence North 36°01'45" West 1196.00 feet along said Harbor line to the intersection with the Northerly line of the Interior Warehouse Tract, recorded February 3, 1954, in Deed Book 1642, at Page 318, said Multnomah County; thence North 57°54'45" East 361.24 feet along said line to a point in the North line of said William Irving Donation Land Claim line; thence North 89°42'45" East along said Donation Land Claim line to the point of beginning.

EXCEPTING THEREFROM ownership of the State of Oregon in and to that portion of the premises herein described lying below the line of ordinary high water of the Willamette River.

T-4 0129

CARG004219



December 29, 2003

VIA EMAIL

David Ashton
Port of Portland
121 NW Everett
Portland, OR 97208

RE: Cargill Response to December 24, 2003 Letter from the Port of Portland

Dear Mr. Ashton:

Your follow-up letter of December 24, 2003 to the meeting on December 22, 2003 between Cargill and the Port of Portland raised two issue that you requested Cargill provide a response.

First, although Cargill appreciates the Port's invitation to participate in the Remedial Investigation Proposal ("RIP"), we believe that a meeting tomorrow is unnecessary. As Cargill made clear in the December 22, 2003 letter from Mark Quayle to Sam Ruda, Cargill considers the obligations that the Port entered into with DEQ in the Voluntary Agreement for Remedial Investigation, Source Control Measures, and Feasibility Study to be voluntary by the Port and not binding on Cargill. Therefore a meeting on December 30, 2003 on this topic is of limited value. Cargill would suggest a meeting following Cargill's submission of additional documentation and a more detailed response to the December 17, 2003 letter from the Port. As discussed during the December 22, 2003 meeting, Cargill is willing to provide what documentation and information is available to assist the Port in meeting their obligations to DEQ.

And second, to assist the Port towards meeting its obligations, Cargill will review its records and provide the Port with the information requested in your December 24, 2003 letter to the extent that Cargill has the records available. Cargill will strive to provide this information prior to the Port's pre-submission scoping meeting with DEQ on January 13, 2004.

Beyond those two points, your letter indicated that you were looking forward to Cargill's response to the Port's December 17, 2003 letter and that you hoped Cargill will specifically address the Recognized Environmental Conditions. Cargill wishes to remind you that it initially responded to the Recognized Environmental Conditions in a letter dated December 22, 2003 to Mr. Ruda and that this letter was discussed with the Port during the December 22, 2003 meeting.

Kimberly K. Thorstad
Attorney
(952) 742-5587
kimberly_thorstad@cargill.com

Mailing Address:
P.O. Box 5624
Minneapolis, MN 55440-5624

Location/Shipping Address:
15407 McGinty Road West
Wayzata, MN 55391-5624

Facsimile:
(952) 742-6349
or (952) 742-7503

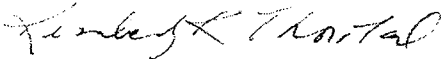
CARG004220

David Ashton
December 29, 2003
Page 2

You also stated that you look forward to receiving the report on Cargill's ongoing soil remediation project. Again, this has already been provided to the Port with the exception of the Certificates of Destruction and was discussed with the Port at the December 22, 2003 meeting. Also discussed during the December 22, 2003 meeting was the fact that Cargill will be providing an additional response to the specific points raised in the December 17, 2003 letter and that the Port will receive this response shortly.

As stated during the December 22, 2003 meeting, Cargill is willing to work with the Port following the lease termination on December 31, 2003 to resolve the remaining environmental issues listed as Recognized Environmental Conditions and to assist with the Port's need for additional documentation to fulfill its obligations with DEQ.

Sincerely,



Kimberly K. Thorstad
Attorney

328903

cc: Bob Moulton
Juli Killgore
Arnie Shauffler
Gene Loffler
Doug Dunlay
Dennis Klein
Andy Augustine
Mark Quayle

CARG004221